FBIS DAILY REPORT CONTENTS

Latin America

Vol VI No 156 13 August 1986

ARGENTINA

Government May Obtain AWACS From Saudi Arabia B 1
Army Chief of Staff Rios Erenu Returns From PRC B 2
Espeche Gil, Press Meet With USSR's Suslov B 2
Spanish Fishing Boat Violates Territorial Waters B 2
Air Force Chief's Speech Evokes Reactions B 3
Crespo Says Air Force To Get Private Investment B 4

BOLIVIA

Barthelemy Denies Reported Murder Attempts C 1
Bedregal To Meet With Del Valle in New York C 1
Debt Renegotiations Depend on New Credits C 2
Sachs Opposes Debt Payment C 3
COB Terms Presence of U.S. Troops 'Invasion' C 4
Radio Station's Equipment Wrecked by Bomb C 4

BRAZIL

Tariff-Free Goods To Be Imported From Uruguay D 1
Nuclear Program Budget Reduced by $2 Billion D 1
[O ESTADO DE SAO PAULO 9 Aug]
EMFA Chief Discusses Status of Space Program D 3
[FOLHA DE SAO PAULO 9 Aug]

CHILE

CNI Reports More Arrests in Arms Cache Case E 1
MIR Spokesmen Announce Offensive To Start 15 August E 1
APSI Article Says Burned Youths Accuse Soldiers E 2
Charges Changed in Torching Court Martial E 3
HOY: Pinochet Seeks To Boost Own Candidacy E 3
[4-10 Aug]
Politicians React to Senator Helms' Speech E 5
UDI Calls for End to Exile, Exception Laws E 6

COLOMBIA

Newly Appointed Cabinet Lists Work Agenda F 1
Barco Names Ossa Escobar Peace Process Adviser F 2
Foreign Minister Qualifies Contadora Participation F 3
Soviet Official Comments on Barco Meeting F 3
FRG's Warnke Views Ties With Colombia, L.A. F 4
Conservative Party Names New Board of Directors F 5
Briefs: Antidrug Campaign; Daily Stops Circulation F 5

ECUADOR

Febres Cordero Addresses Representatives G 1
Penaherra: Nation May Face Largest Depression G 16

PARAGUAY

Centurion Explains Exchange Rate Increase H 1
[HOY 12 Aug]
PLRA Wants End to Exile, Restoration of Freedoms H 2
[HOY 10 Aug]
Nanduti Owner on ABC COLOR Anniversary H 2

PERU

Foreign Ministry Explains Recall of Envoy to GDR J 1
Economy Minister: Country Will Not Leave IMF [CARETAS] J 2
Further Report on 'Condor' Drug Operation J 2
Cocaine Factories, Installations Destroyed J 3
General Rabanal Fails To Appear in Court J 4
Shining Path Kills 7 in Tingo Naria Discoteque J 4
Briefs: Iraqi, Nepalese Ambassadors; Appointed Ambassador Dies J 4

MEXICO

De la Madrid Leaves for Washington Visit M 1
Delegation Accompanies President M 1
Briefs: Cocaine Seized M 1

PANAMA

Defense Forces Display Seized Materiel in Parade N 1
Editorial: U.S. Canal Arguments Losing Ground N 2
[EXTRA 11 Aug]

CENTRAL AMERICA

EL SALVADOR

Interview With FDR's Ungo on Talks With Government P 1

GUATEMALA

Cerezo To Address UN, Tour Europe for 27 Days P 5

HONDURAS

Armed Forces Communique on Zelaya Incident P 5
Nicaraguans Accused of 'Manipulating' Opinion P 6

NICARAGUA

D'Escoto Calls U.S. 'Bandit' on ICJ Ruling P 7
PSD Criticizes Ortega's 'Chicago Proposal' [DPA] P 7
PLI Congress Meets, Reelects Godoy President P 7

CUBA

Castro Receives Awards From USSR, Mongolia Q 1
CPSU, DPRK Leaders Laud Castro Q 1
Crombet Meets With GDR Politburo Member Q 1
Malmierca Bestows Medal on CSSR Ambassador Q 2
Colombia Reportedly Considers Restoring Relations Q 2
[EL ESPECTADOR]
Cuba To Attend Pan-American Games in Indianapolis Q 2
Commentary: GATT Meeting Failure 'Seems Certain' Q 3
Merchant Marine Fleet Adds Two Vessels Q 3

CARIBBEAN

HAITI

Namphy Installs New Government Organization S 1

JAMAICA

South Korean Minister Pays 3-Day Visit S 1
[THE DAILY GLEANER 8 Aug]

OTHER COUNTRIES

GUYANA

Hoyte Makes Changes in Ties With U.S., USSR V 1

SURINAME

Netherlander To Assist in Hostage Release V 1

GOVERNMENT MAY OBTAIN AWACS FROM SAUDI ARABIA

PY121925 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1803 GMT 12 Aug 86

[Text] Buenos Aires, 12 Aug (NA) -- Argentina could become the first Latin American country to have a U.S.-made AWACS aircraft if it concludes a bilateral agreement with Saudi Arabia. The preliminary bases for this agreement were discussed during President Raul Alfonsin's recent visit to Jiddah.

According to reliable government sources, the operation would include the sale by Argentina to Saudi Arabia of two Mekko-42 type Navy frigates. The value of these frigates is estimated at $400 million, although their real price on the market would be slightly lower. If the negotiations, which are still in their early stages, are concluded successfully, Saudi Arabia will deliver to Argentina an AWACS aircraft and a yet undetermined amount in dollars as payment for the two frigates.

The purchase of an AWACS aircraft would be highly significant for Argentina, both politically and strategically, because this aircraft is equipped with very sophisticated equipment manufactured in the West only by the United States, which sells them only to its most reliable allies. When the U.S. Government sold AWACS aircraft to Saudi Arabia, the Israeli Government, which also has AWACS aircraft, (?protested) vehemently because these aircraft were giving a strategic capability to the Arab countries.

The first steps toward this possible exchange agreement were made by President Alfonsin and King Fahd during the talks they held last month on the occasion of Alfonsin's visit to Jiddah. At that time, it was officially announced at the end of their talks that progress had been made in the area of possible military and technological exhanges, but without giving further details. It was also denied that it was after those talks that Argentina was given the opportunity to enter into the world weapons market. Reliable sources admitted on that occasion the topic "was mentioned" in the dialogue, and government sources now admit that "there is something" to this.

"There is something, but the topic is very new still," was the answer given by the source consulted about the possible sale and transfer of the two frigates to Saudi Arabia as partial payment for the modern AWACS radar aircraft.

The sources also stated that within the next few months a mixed government and business mission of the Saudi Government is expected in Buenos Aires, presumably to discuss the topic more thoroughly with their Argentine colleagues. Before that mission arrives in Buenos Aires, it is quite certain that the Saudi defense minister will arrive. He was officially invited by Alfonsin to visit Argentina during the Jiddah talks. On that occasion Alfonsin's entourage knew of the importance of the invitation that had been extended to the Saudi defense minister, the only defense minister who received [words indistinct] the presidential tour of six countries.

ARMY CHIEF OF STAFF RIOS ERENU RETURNS FROM PRC

PY121502 Buenos Aires TELAM in Spanish 1316 GMT 12 Aug 86

[Text] Buenos Aires, 12 Aug (TELAM) -- Army Chief of Staff Major General Hector Luis Erenu returned to the country today following an official visit to the PRC. Rios Erenu arrived at Ezeiza Airport in the company of his wife, and he left the airport without speaking to the press.

During his stay in the PRC, Rios Erenu met with high-ranking Army officers and Defense Ministry officials.

ESPECHE GIL, PRESS MEET WITH USSR'S SUSLOV

PY121546 Buenos Aires TELAM in Spanish 2119 GMT 11 Aug 86

[Text] Buenos Aires, 11 Aug (TELAM) -- Soviet Ambassador at Large [title as received] Vladimir Suslov and Soviet Ambassador to Buenos Aires Oleg Kvasov have met at the Argentine Foreign Ministry with Miguel Espeche Gil, who is the director of the Eastern Europe Department, and with officials of the Department for International Organizations. In reply to newsmen, Ambassador Kvasov said that this was an annual political meeting that is held alternately in Buenos Aires and Moscow to consider topics for the agenda of the UN General Assembly to be held in New York in September.

Asked about his country's position on the declaration recently issued in Mexico by the Group of Six, Kvasov said that the Soviet Union views with great pleasure the efforts being made by the six heads of state and government who are promoting disarmament and trying to monitor nuclear arms through on-site inspections.

Kvasov also categorically confirmed that President R Alfonsin will visit the Soviet Union as scheduled. He declined to comment on the U.S. cereal grains dumping but admitted that issues related to Argentine-Soviet bilateral relations were also discussed at the meeting.

SPANISH FISHING BOAT VIOLATES TERRITORIAL WATERS

PY121542 Buenos Aires TELAM in Spanish 1210 GMT 12 Aug 86

[Text] Buenos Aires, 12 Jul (TELAM) -- The Press Office of the Argentine Naval Prefecture this morning reported that a Spanish flag vessel fishing in Argentine territorial waters was captured 200 miles southeast of the Punta Delgada Lighthouse, off the coast of the Chubut Province. The captured vessel was taken to Puerto Deseado. The fishing boat was found to have 30 tons of hake in its holds. The Coast Guard vessel CG27 Prefecto Fique was the vessel that made the capture.

It has also been reported that the Naval Prefecture vessel surprised the fishing vessel at latitude 45 degrees, (?4) minutes, 5 seconds [no cardinal point given], and longitude 60 degrees, 30 minutes, 9 seconds west, approximately 198 miles southeast of the Punta Delgada Lighthouse (Chubut Province). The official report adds that the Spanish vessel has a length of 48.37 meters, a beam of 8.52 meters, a height of 4.10 meters, and a net tonnage of 497.22. The hull is painted grey and the superstructure white.

The fishing vessel, which has a crew of nine under Captain Jaime Otero, is based in Vigo, Spain.

Once the violation was confirmed, the Spanish vessel was taken to Puerto Deseado, where the appropriate procedures are being carried out. The report concludes by saying that in previous similar cases the cargo of fish was confiscated and fines levied.

AIR FORCE CHIEF'S SPEECH EVOKES REACTIONS

PY122108 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1925 GMT 11 Aug 86

[Text] Buenos Aires, 11 Aug (NA) -- Referring to criticism contained in the speech delivered by the Air Force Chief of Staff Brigadier Horacio Crespo, former Justicialist presidential candidate Italo Luder today deemed it "unprecedented during the current constitutional government" for a high-ranking officer of the Armed Forces "to speak publicly on questions unrelated to military matters." On the other hand, Radical Deputy Cesar Jaroslavskiy deemed the speech "a clear statement in defense of democratic order."

Mariano Lorences, president of the National Committee of the Intransigent Party, today requested "punishment" for the military chief for giving such a speech during the Air Force Day ceremonies, "because it is inadmissible for him to criticize an entire society." These were the reactions of political leaders to the speech delivered on 10 August by the military chief who said, among other things: "I believe that all social sectors of our nation deserve to be admonished."

Luder told NOTICIAS ARGENTINAS that the Air Force chief of staff "has not made partisan criticism," but has "merely placed responsibility for social behavior." He said: "I do not believe that Crespo has overstepped the line of his duties." However, Luder emphasized: "I do not share his concepts about the arrogance and egocentrism of the social sectors that exert pressures because of their incomes," because "there is a large sector of Argentine people who make 150 australes a month, which is a dramatically low sum," and "those responsible for the economic policy should be criticized."

On the other hand, Jaroslavskiy said he "agrees" with Crespo's words and added the statements are "a clear position in the defense of the democratic order and institutions."

Meanwhile, Defense Minister Horacio Jaunarena's spokesman simply said that the minister "will not make any comment on the subject."

Brigadier Crespo said in his message delivered yesterday: "I believe that all social sectors of our nation deserve to be admonished." He referred to the "military men who let themselves be carried away by simplistic ideas of being saviors, invading sectors and taking responsibilities that did not belong to them." Crespo added that "there are also people who participate in party politics and manage the parties as if the fate of the nation itself depended on them."

In this regard, Lorences said that "it is inadmissible for this military chief to want to criticize an entire society, when he and others in the Armed Forces have silently tolerated genocide in Argentina and justified this complicity by saying that they were obeying orders." Lorences added that "the Armed Forces must realize that they are part of a state organization subordinate to the executive branch and other constitutional mechanisms." He deemed the expressions of the Air Force chief of staff "totally unfitting" for a man in his position and said that they "can even harm the president of the Republic, who is contitutionally the Armed Forces commander in chief."

CRESPO SAYS AIR FORCE TO GET PRIVATE INVESTMENT

PY122147 Buenos Aires DYN in Spanish 1943 GMT 10 Aug 86

[Text] Buenos Aires, 10 Aug (DYN) -- Air Force Chief of Staff Brigadier General Ernesto Crespo has announced that the war materiel area in Cordoba, which is under Air Force jurisdiction, will become a corporation with the state's participation, but "with substantial private participation."

During the first part of his speech on Air Force day, Crespo referred to all the tasks being performed by the Air Force concerning civilian and military services and gave an account of the Air Force's projects in the airplane manufacturing sector. Concerning the privatization of the airplane manufacturing sector, Crespo stated that "we are working on this, seeking to attract the interest of enterprises and financial entities and, at the same time, making the necessary legal arrangements." Crespo mentioned the financial problems that hinder aeronautic development and said that efforts are currently being made in the fields of marketing, exporting, securing financial support, and setting up joint ventures with other countries.

Crespo then gave an account of the projects in progress, including:

-- supplementing the manufacture of IA 58 "Pucara" airplanes.

-- launching the 4th stage of series production of the IA 63 "Pampa" military training airplanes, and strengthening marketing efforts. Sales to foreign countries have already been made.

-- implementing the cooperation and joint venture agreements signed with Brazil and formalized through Protocol No 12 of the cooperation and economic integration agreement.

-- implementing the agreement memorandum signed on 19 June with the McDouglas [name as received] company to manufacture, under license, A4 airplanes, airplane and helicopter spare parts, and aeronautics equipment.

-- proceeding with negotiations on agreements with Israeli industries to market "Pampa" and "Pucara" airplanes, finance the airplane manufacturing sector of the war materiel area in Cordoba, jointly manufacture fighter planes, and build an airplane maintenance center.

BARTHELEMY DENIES REPORTED MURDER ATTEMPTS

PY130141 La Paz La Red Panamericana in Spanish 0000 GMT 13 Aug 86

[Text] Interior Minister Fernando Barthelemy has stated that his remarks to an ULTIMA HORA reporter have not been interpreted correctly by the correspondent. He explained that he said only that there have been some indications about a frustrated attempt against him. However, the report was exaggerated, the minister stated.

[Begin recording] [Barthelemy] I explained clearly to the reporter that there was information in some intelligence circles that [words indistinct] to recruit people to organize attacks against the interior minister, and that we could not confirm this. The investigations continue, and unless we confirm the report we cannot release the report as true to anyone. This is briefly what I told your colleague Mr (Ted Laura), and obviously he published a report that is not in keeping with what I said.

[Reporter] Is the life of the president of the Republic also in danger from the type of attacks you mentioned, or was the attack intended solely against you?

[Barthelemy] No. Look, the drug-trafficking problem is international. We have seen it in other countries. We know how they have acted in Peru, and especially in Colombia. You know this better than I do. When drug trafficking was strongly repressed in Colombia, the Mafia attacked ministers, murdering Minister Lara Bonilla. It conducted other joint actions with the M-19 guerrilla group, such as the attack on buildings housing a judge's office. Thus, we do not discard the possibility that they might try to do something. But, I think it will be more difficult for them in our country. [end recording]

The interior minister then added that there are not detainees in the Interior Ministry. In this manner he categorically denied the report published by the afternoon newspaper ULTIMA HORA, which attributed to the interior minister the information that two individuals had been arrested for the attempted murder of the minister.

[Begin Barthelemy recording] I want to explain this because I do not know where ULTIMA HORA got the information. I have not given any information to ULTIMA HORA, much less the information that was published. I suppose ULTIMA HORA must have its own source for this article. There are absolutely no such people under arrest. Obviously, the newspaper misinterpreted this information as it has often misinterpreted other information on the political and drug trafficking problems. Of course, we are doing everything possible to verify this but we can categorically state that we have not taken this seriously as was reported by ULTIMA HORA. [end recording]

BEDREGAL TO MEET WITH DEL VALLE IN NEW YORK

PY121515 Paris AFP in Spanish 0243 GMT 12 Aug 86

[Text] La Paz, 11 Aug (AFP) -- Foreign Minister Guillermo Bedregal Gutierrez announced here today that he and his Chilean counterpart will meet in New York in September to discuss bilateral issues.

This announcement is included in a report that the minister submitted to President Victor Paz Estenssoro on his visit to Colombia, where Bedregal attended the inauguration of President Virgilio Barco Vargas.

Bedregal said that he and Chilean Foreign Minister Jaime del Valle held a circumspect meeting in Colombia, where they discussed strictly technical matters. He added, the meeting in New York will be more important because the agenda will include bilateral issues.

DEBT RENEGOTIATIONS DEPEND ON NEW CREDITS

PY121710 Madrid EFE in Spanish 0735 GMT 11 Aug 86

[By Erick Torrico -- all figures as received]

[Text] La Paz, 11 Aug (EFE) -- Bolivia will renegotiate its foreign debt with private international banks only if the ocuntry is granted new credits, unofficial sources have told EFE. The new credits, just like the present ones obtained from multilateral organizations and through intergovernmental agreements, will be used to reactivate industry, improve the balance of payments, and increase the current level of foreign reserves (some $200 million).

Although the country's financial authorities have not yet officially defined the nation's renegotiation strategy, Planning Minister Gonzalo Sanchez de Lozada and Central Bank President Xavier Nogales have agreed that the basic requirement must be opening new lines of credit for Bolivia. Foreign bankers closed the financial channels when Bolivia declared a moratorium on the payment of interest in May 1984. At that time, the 128 creditor banks gave the La Paz government 90 days to reconsider its position. Since the bankers failed to request legal measures to embargo Bolivian accounts and exports, the 90 days expired, and the ultimatum became ineffective. Now, 2 years later, a new democratic regime will reinitiate formal talks with the Bolivian Creditor Banks Committee.

The government of Hernan Siles Zuazo (1982-1985) favored a multilateral solution to the problem as opposed to the bilateral solution that was proposed by Victor Paz Estenssoro during his electoral campaign. This March, the government of Paz Estenssoro signed a memorandum of economic understanding with the IMF, after having established the basis for it through a "new economic policy" liberalizing the statist model that had been in effect since 1952. Later, in July, Paz Estenssoro gave instructions for the renegotiation of $645.5 million with countries of the so-called Paris Club. The La Paz government has taken all the preliminary steps necessary to negotiate with the commercial bankers, to whom it owes nearly $1 billion.

A report from the Finance Ministry indicates that up to 31 December 1985, the total debt contracted by Bolivia amounted to $5,214,020,000, of which $3,349,900,000 has been disbursed and is actually owed. Of this latter sum, 26.1 percent is owed to multilateral creditors (IMF, IDB, Andean Development Corporation, etc) and 37.4 percent to bilateral creditors (represented by governments), adding up to 63.4 percent (26.1 plus 37.4 percent) the actual debt to official creditors. The remaining 34.2 is owed to private creditors.

Translating this 34.2 percent of the actual debt of $3,349,900,000 into a figure, the debt to private creditors amounts to $1,146,461,000, almost $200 million above the amount estimated yesterday by Planning Minister Gonzalo Sanchez de Lozada.

Had Bolivia not concluded agreements with the IMF and the Paris Club, it would have needed almost $1.6 billion to honor the service on its foreign debt in 1986. This would have been impossible, because Bolivia's export earnings will not surpass $400 million by the end of this year. Paradoxically, according to Bolivian Central Bank President Xavier Nogales, fewer than 100,000 Bolivians have deposited more than $2 billion with foreign banks. This flight of capital, which began in 1976 and diverted a good portion of the loans Bolivia obtained in a decade, represents nearly 40 percent of the national foreign debt contracted up to 31 December 1985 ($5,214,028,000).

With the announced trip of Planning Minister Gonzalo Sanchez de Lozado and Finance Minister Juan Cariaga to Washington, the Bolivian Government expects to gain a new lease on its economic life, following negotiations that are scheduled to start on 18 August. In addition to keeping the Bolivian Government from having to make considerable disbursements for foreign debt payments in the near future, these negotiations should open new financial possibilities for it to consolidate its anti-inflationary program.

Sachs Opposes Debt Payment

PY121455 Paris AFP in Spanish 1338 GMT 11 Aug 86

[Text] La Paz, 11 August (AFP) -- In a statement issued to the press today in La Paz, an economic adviser to the government of Victor Paz Estenssoro, U.S. citizen Jeffrey Sachs, advised the country not to make any payments on its foreign debt this year.

Sachs, author of the neoliberal plan of 19 August 1985, which decreed the floating of the peso in relation to the dollar, the free hiring of workers, the drastic increase in the price of gasoline, and the decentralization of state-owned companies, said that this decision will be understood by the creditors, because no one wants hyperinflation to start all over again.

In 1986, Bolivia should pay $678 million in services on its foreign debt, which totals $5.2 billion, besides an additional $170 million in back payments, while its exports hardly reach $400 million.

Sachs also revealed that he was initially contracted to draw up the economic program for the conservative Nationalist Democratic Action (ADN) headed by General Hugo Banzer Syarez, but since this party was not elected in 1985, he was transferred to serve the new head of state, Paz Estenssoro.

COB TERMS PRESENCE OF U.S. TROOPS 'INVASION'

PY121412 Madrid EFE in Spanish 1610 GMT 8 Aug 86

[Text] La Paz, 8 Aug (EFE) -- The Bolivian Labor Confederation (COB), the top labor organization in Bolivia, has expressed its support of the opposition initiative in Congress to question four ministers and one ambassador over the presence of U.S. troops in the country and proposed that the questioning should also include President Victor Paz Estenssoro. Opposition congressmen have requested that Foreign Minister Guillermo Bedregal, Defense Minister Fernando Valle, Interior Minister Fernando Barthelemy, Planning Minister Gonzalo Sanchez, and Bolivian Ambassador to Washington Fernando Illanes be questioned.

In a document sent to Congress, the COB says that the president is the main promoter of the U.S. troops' admission into Bolivia. The document says that "the invasion of our territory by foreign troops, in an act that violates our sovereignty, is a humiliating affront to all Bolivian citizens." The document adds that "Bolivia is the first state in this part of the American continent to suffer an invasion of its territory by U.S. troops, who are constantly endangering peace around the world."

"Bolivia has an Army capable of facing drug trafficking by itself," states the COB, "and the fact that its capacity is put in doubt shows the humiliating treatment the North gives to all institutions of our country because of the prostration ordered by the government of the MNR-ADN (Nationalist Revolutionary Movement and Nationalist Democratic Action) alliance." "This servile posture," it adds, "should not compromise the sound position of the Bolivian people, who have always preached their devotion to liberty, and so we congratulate the oppostiion for their initiative."

The COB concludes by saying that "we believe that the main promoter of the admission of the Yankee troops should not be left out of such questioning, and for that reason we ask that President Paz Estenssoro also be included in it."

RADIO STATION'S EQUIPMENT WRECKED BY BOMB

PY121404 Paris AFP in Spanish 1244 GMT 12 Aug 86

[Text] La Paz, 12 Aug (AFP) -- Police sources in this capital have reported that a bomb explosion today caused serious damage to the transmitting equipment of Radio Indoamerica in Potosi, 570 km southeast of La Paz.

The dynamite explosion, which caused no casualties, occurred after midnight. Something similar occurred to Radio Aclo of Tarija in June 1986. Tarija is also located south of here near the border with Argentina.

No one has claimed responsibility for the attacks.

TARIFF-FREE GOODS TO BE IMPORTED FROM URUGUAY

PY121915 Brasilia Radio Nacional da Amazonia in Portuguese 1000 GMT 12 Aug 86

[Text] The customs tariff exemption agreed on by Presidents Sarney and Sanguinetti will apply to 1,100 products which can henceforth be imported or exported freely. For President Sarney, this means that the Latin American common market is now in operation, since an identical agreement was very recently signed with Argentina.

Yesterday Brazil contracted to import nearly 200,000 tons of rice -- more than half the Uruguayan rice crop -- and 70,000 tons of Uruguayan meat, which will begin to enter Brazil on 1 October. The announcement was made by President Jose Sarney, who emphasized that Latin America is one of his government's foreign policy priorities.

[Begin Sarney recording] When I came to power, my foreign policy directive was to give priority to Latin America, and we can see now that this directive is taking hold. After signing agreements with Argentina, we are signing important documents with Uruguay. Consequently, we are going to import nearly 200,000 tons of rice, which is more than half the Uruguayan rice crop, and 70,000 tons of meat which is a substantial part of that country's production. [end recording]

President Sarney said that the agreements being signed with the Uruguayan Government are similar to those that were recently signed with Argentina. In this way, he added, the Latin American common market could be considered to be operational.

[Begin Sarney recording] Through the signing of these agreements with Uruguay, which are most identical to those we signed with Argentina recently, I believe the Latin American Common Market has been set in motion. This is an important step not only for Brazil, but for other countries as well, as we can verify by the response to the developing government policies. The relationship among governments, the political will of presidents, and the restoration of democracy, which has made it possible for the people to support these policies, have contributed to the onset of this market. [end recording]

The bilateral agreements between Brazil and Uruguay will be signed by Presidents Sarney and Sanguinetti at Planalto Palace tomorrow morning.

This is Ireneu Tamanini reporting from Brasilia for Jornal Nacional.

NUCLEAR PROGRAM BUDGET REDUCED BY $2 BILLION

PY130018 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Aug 86 p 26

[Text] Rio de Janeiro -- The main consequences of the presidential decree that restructured Nuclebras and its subsidiaries will be a budget reduction of over $2 billion, caused by cuts in the programs of the uranium enrichment and reprocessing plants, and the renegotiation of the diplomatic and commercial agreements signed with the FRG.

Nuclebras officials have said that the decree has practically ended both the nuclear program and the company itself. The decree shocked everyone in the company.

Nuclebras directors could not be found in Rio de Janeiro to give an explanation to company employees, who are concerned about their future. Even though the issue has long been debated and analyzed, the Nuclebras board of directors was expecting another solution.

With the support of the National Security Council and the Mines and Energy Ministry, President Jose Sarney decided to redesign the nuclear program following the recommendations of the committee that studied it. The closure of Nuclep [Nuclebras Heavy Equipment, Inc.] Nuclei, [Nuclebras Isotope Enrichment, Inc.], Nustep [an FRG centrifugal jet process development company], and Nuclam [Nuclebras Uranium Prospecting, Inc.], and the transfer of Nuclen [Nuclebras Engineering, Inc.] to Eletrobras [Brazilian Electric Power Comapnies, Inc.] imply a renegotiation with the FRG, because FRG companies own stock in these subsidiaries. Thus, it is necessary to negotiate the closing of the companies or to modify their bylaws. Voest-Alpine, GHH, and KWU are Nuclep minority stockholders. The FRG firm UG owns 49 percent of Nuclem (uranium prospecting firm) stocks. The firm Steag owns 50 percent of Nustep, while Interatom and Steag owns 16.4 and 8.6 percent of Nuclei stocks, respectively. KWU owns 25 percent of the stock of Nuclen, which will become an Eletrobras section.

Thus, Nuclebras will remain in charge of the fuel cycle only. As Mines and Energy Minister Aureliano Chaves put it, Nuclebras can be placed under the jurisdiction of the Ministry of Science and Technology, which is in charge of research departments. According to its financial department, Nuclebras has some 6,200 employees and its monthly payroll amounts to nearly $5 million.

Nuclep has some 800 employees; Nuclen, 900; Nuclei, 450, and Nuclam only 4. Except for Nuclen, all these subsidiaries have managerial structures with several directors, accounting, personnel, and finance departments, storehouses, and so forth. Many people will be dismissed when these companies are dissolved.

There was a general atmosphere of pessimism at Nuclebras because its employees know that the only activity they have left is the fuel cycle, which is still a great mystery. The technological process on which the uranium enrichment plant construction is based is controversial. This process has even been rejected by South Africa, another country to which the inventor of the method, German professor Erwin Backer, tried to sell this process. When the Germans said that they would not be able to transfer to Brazil the technology of the ultracentrifuge process because of U.S. pressure exerted through a diplomatic agreement, Brazil had no option but to invest in a new uranium-enrichment method which has only been laboratory tested. The ultracentrifuge method, which is a fully developed and effective method, is not available. Instead we have been offered another method that requires going through several industrial stages which have not yet been fully mastered. Washington did not raise any objections to this method.

Even with the budget reduction the Brazilian nuclear program has already spent $4.24 billion in investment plus $3 billion more in interest and has contracted debts with German banks. In order to finish the Angra II and III power plants, the program needs $2.78 billion, and if the jet-nozzle [proceding word in English] uranium enrichment process demonstration plant is included, it will need $1 billion more.

Brazil has already spent more than $7 billion and it will have to spend $10 billion to construct only two nuclear power plants at the record price of $5 billion each and a construction time average of 16 years. No nuclear plant in the world has taken so long to be built, and this fact is considered dangerous by the builders themselves, who fear for the security and integrity of materials. This reduction in the ambitious Brazilian Nuclear program means that Brazil will not hurry to invest $1.7 billion in a uranium-enrichment plant and nearly $300 million in a reprocessing plant because the National Commission of Nuclear Energy [CNEN] is investing money in the ultracentrifuge enrichment process, which has been mastered by several other countries but which they do not wish to transfer. This ultracentrifuge method is considered three times more expensive to operate than the jet-nozzle method and it consumes much more electric energy.

EMFA CHIEF DISCUSSES STATUS OF SPACE PROGRAM

PY121850 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Aug 86 p 18

[Text] Admiral Jose Maria do Maral Oliveira, chief of the Armed Forces General Staff (EMFA), yesterday said in Sao Paulo that no potential customer has yet expressed interest in using the rocket-launching base being built in Alcantara, Maranhao State, under the Brazilian Comprehensive Space Mission (MECB) [Missao Espacial Completa Brasileira]. This base is located near the equator, where the great centrifugal force from the earth's rotation will result in large fuel savings. Adm Oliveira believes, however, that Brazil will find customers and that it could make profits from this project, thus recovering part of its investment.

Adm Oliveira confirmed that good progress has been made in the Brazilian space program and that the launching of an experimental remote sensoring satellite by a Brazilian-made rocket, the Satellite Launching Vehicle (VSL), is slated for 1989. The satellite is being built by the National Institute of Space Research (INPE) and the VLS by the Aerospace Technology (CTA). Both INPE and CTA are located in Sao Jose dos Campos, in the Paraiba Valley.

According to Adm Oliveira, the Brazilian space program is based on the French model, which is less expensive and less sophisticated than the U.S. model. In his opinion, the Alcantara Base will be more attractive to international customers than the French base located at Kourou in French Guiana. Brazil also expects to sell its services and even remote sensoring satellites to Third World customers, "because our technology is better suited to Third World countries than to developed countries."

The EMFA chief said that, as is common in countries involved in space operations, the Brazilian space program has also brought a number of services of daily use that represent a form of technological spin-off.

Adm Oliveira said that the problems involving farmers residing in the vicinity of the Alcanatara Base will soon be solved. A few days ago he attended a ceremony at which land deeds were presented to farmers who are moving to other areas. Personnel from several ministries, such as that of Agrarian Reform, Culture, and Health, are working in the area "to guarantee coexistence without risks in Alcantara, a city that retains the look of the 17th century."

CNI REPORTS MORE ARRESTS IN ARMS CACHE CASE

PY130358 Santiago Radio Chilena in Spanish 2300 GMT 12 Aug 86

[Text] Security personnel seized a Chilean fishing ship in Coquimbo as part of the investigations carried out after the discovery of an arms cache in northern Chile. It was reported that several people were arrested in these new operations, increasing the number of arrests to 20.

The fishing ship Astrid-Sue was raided because it was said to be transporting weapons to the Carrival Bajo area. The National Intelligence Center [CNI] reported that between February and March 1986 Andres Pascal Allende traveled to Nicaragua to obtain guerrilla warfare training for 250 members of the Revolutionary Left [MIR] in the region of Chinandega. Once finished with their training, many of these persons traveled to Panama from which they planned to enter Chile, the CNI said. It is thought that at least 15 of them installed themselves in the Carrizal Bajo area.

It was officially reported that the cache found there was meant to be transferred to Santiago, Concepcion, and Temuco. The CNI said that the weapons and equipment were supposed to be transported on the afternoon of 14 August, taking advantage of the long weekend. Meanwhile, it was reported that new investigations have led to the arrest of several people, who, when added to the 6 already arrested and reported on in a press conference at the CNI headquarters yesterday, total 20. All the suspects are at the disposal of the Interior Ministry and remain at CNI quarters.

MIR SPOKESMEN ANNOUNCE OFFENSIVE TO START 15 AUGUST

PY121900 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1752 GMT 12 Aug 86

[Text] Buenos Aires, 12 Aug (NA) -- Two self-styled "officers" of Chile's Movement of the Revolutionary Left (MIR) have announced here that on 15 August the MIR will begin a "political-military offensive" that will include bombings and attacks against barracks, seeking to "accelerate the downfall of the Pinochet regime."

Speaking with an unmistakable Chilean accent, the two spokesmen identified themselves as officers Gilberto and Vania and gave NOTICIAS ARGENTINAS employees six pictures of presumed guerrilla training camps in Chile. They explained that the offensive will begin on 15 August "to mark the 21st anniversary of the creation of the MIR."

"The MIR is also getting ready to neutralize any military attempt to replace Pinochet with a more moderate Chilean general, " they added. They said that "there must be a revolutionary change" and that "even though the MIR agrees to a possible transition toward democracy, it will continue to struggle for the total independence of Chile."

They added that the offensive will include "a psychological campaign conducted at rank-and-file level to generate a favorable opinion of the armed struggle as a method to oust Pinochet." It will also include dynamite attacks against high tension lines, attacks against Carabineros barracks, and seizures in several Chilean regions. The spokesmen, two mid-level officers of the armed branch of the MIR, said that "the military training schools 'Ana Luisa Penailillo' and '21st Anniversario'," which are located "somewhere in the Chilean jungle," continue to "train the people's militias."

In a statement released in Buenos Aires, the first stop in a tour of Latin American countries that Gilberto and Vania will visit to publicize MIR activities, the two officers confirmed that the "Salvador Allende militias" have engaged in "self-defense actions" in Valparaiso and Vina del Mar.

The Chilean MIR, which is headed by Secretary General Andres Pascal Allende -- a nephew of former President Salvador Allende -- is carrying out negotiations for the creation of a guerrilla front with the Manuel Rodriguez Patriotic Front and other leftist groups "that support an armed struggle," the sources stated.

"The creation of a guerrilla front," they added, "forms a part of the overall struggle by the Chilean people for the overthrow of the dictatorial regime headed by General Augusto Pinochet."

They stressed that "the alternative of an armed struggle is valid, because the regime is implementing a bloody repression against the popular sectors, and this repression is increasing."

Moreover, they admitted that "the struggle must also be carried out in the political sector, and so the MIR supports the negotiations of the Democratic Alliance," which includes center-left and leftist parties.

Officers Gilberto and Vania handed out photographs that depict alleged training exercises of the popular militias in the "Ana Luisa Penailillo" and "21st Aniversario" schools, which they said were taken by the RESISTANCE NEWS AGENCY [AGENCIA INFORMATIVA de RESISTENCIA].

They also stressed that "the MIR is preparing to prevent [words indistinct] with the intention of exchanging Pinochet for a more moderate general of the Chilean Armed Forces." They stated that "the change must be a revolutionary one," and that "even though the MIR will accept an eventual transition to democracy, it will continue to fight for Chile's independence."

APSI ARTICLE SAYS BURNED YOUTHS ACCUSE SOLDIERS

PY120256 Paris AFP in Spanish 1759 GMT 11 Aug 86

[Text] Santiago, 11 Aug (AFP) -- The magazine APSI which hit the streets of Santiago today, reported in its latest edition that the two young Chileans who were burned alive during demonstrations against the military regime of President Augusto Pinochet expressly charged the soldiers who captured them. One of the victims, photographer Rodrigo Rojas Denegri, 19 died after 4 days of agony while the other, student Carmen Quintana, 18, remains in critical condition, with burns covering more than 60 percent of her body.

According to APSI, the two youths were questioned in the hospital by Patricio Villaroel, the civilian judge who began the investigations, a few hours after the incident. APSI includes a copy of the minutes issued by the judge and the text of the photographer's remarks states: The uniformed soldiers had their faces painted, and after brutally beating me, they poured gasoline on me and set me on fire.

Rojas reported that he did not faint while he was burning, and that the soldiers, after putting out the fire with blankets, left him abandoned in a remote place, together with Carmen Gloria Quintana, who had been detained at the same time.

The young girl also told the judge that she was captured while she was escaping from a place where other boys had built a barricade on the street. She said: I was caught by the soldiers who threw me against the wall, pushed me back and forth, and pushed a rifle barrel in my rectum. They said I was helping build the barricades, and I told them that that was not true. Then two civilians arrived...and they took pictures of me and interrogated me. I was in the middle of the questioning when one of the soldiers, who was wearing a uniform, sprayed me with gasoline or some kind of fuel and set me on fire. I began to catch fire and screamed with pain...and since the fire did not go out, they wrapped me with a blanket...and I fainted, the student added.

APSI adds that, inexplicably this testimony has been minimized by Alberto Echavarria, the special judge designated later to continue with the investigations replacing Judge Villaroel. Echavarria also failed to question more than 10 people who witnessed the detention of the two victims, and finally accepted the official version that cleared the uniformed soldiers, the magazine reported.

Judge Echavarria claimed that the burning was accidental, and by the end of July transferred the case to the military court, after charging the platoon commander with certain criminal negligence in the treatment of the two youths.

CHARGES CHANGED IN TORCHING COURT MARTIAL

PY122226 Santiago Domestic Service in Spanish 1700 GMT 12 Aug 86

[Text] The court martial has changed the indictment against Army Lieutenant Pedro Fernandez. Originally he had been indicted by Judge Alberto Echavarria for involuntary manslaughter of Rodrigo Rojas Denegri and involuntary infliction of serious injuries against Carmen Gloria Quintana.

The court martial has partially upheld an appeal submitted by lawyers representing the families of the burned youths and changed the indictment to unnecessary violence resulting in serious injuries. The court martial adopted this decision by a vote of 4 to 1. The dissident vote was cast by Army representative Fernando Torres Silva.

The court martial ruling adds that the prosecutor in charge of the case will begin an investigation to determine whether crimes were committed in violation of the weapons control law on the occasion of the events that are being investigated. As is known, this case is in the hands of Judge Advocate Alberto Marquez Allison.

HOY: PINOCHET SEEKS TO BOOST OWN CANDIDACY

PY121716 Santiago HOY in Spanish 4-10 Aug 86 pp 6, 7

[By Ascanio Cavallo]

[Excerpts] Since honest admissions seem to be in fashion, some such admission was expected on 30 July. President Pinochet was scheduled to speak before some 3,000 women volunteer social workers at the Diego Portales Building. An admission was made about violence:

"I cannot take stronger measures," Pinochet said, "because I am inhibited by international problems created by the politicians who are severely slandering the country abroad." [passage omitted]

The speech delivered on 30 July has revealed the government's difficult situation, to the point that it has had to temporarily suspend some tactical domestic moves.

At the beginning of last week, it seems that Pinochet, in an apparent electoral strategy, would make some changes in the ministerial cabinet in order to abandon the current "administrative" stage to adopt a more offensive position.

At the Army Promotions Board meeting which began on Monday, it was taken for granted that a major general who has held civilian posts before would be given one of the key ministerial posts. This idea has apparently been postponed for a few days, or weeks, according to the time the government needs to assess the remarks made by U.S. Assistant Secretary of State for Latin American Affairs Elliott Abrams, remarks that sounded all the alarms at La Moneda Palace.

Abrams said loudly what other officials of the Reagan administration had said to the government privately: The deadline ends in October. Of course, Abrams used different words: "Apparently our decision on the vote (in favor of our IDB and World Bank credits) will depend to a great extent on how we view the human rights situation in Chile."

The decisions on the credits will be made in September and October. The Foreign Ministry's preliminary analysis indicates that Abrams' remarks refer less to specific human rights cases than to a general climate of "opening" or "progress in the transition period."

Abrams himself hinted that that was the exact meaning of his comments when he said that "we have a few carrots and few sticks available" and that "a flexible policy must be continued" to "encourage change."

The fact that the threat came from a government official close to Reagan, and not from Congress, was what caused more alarm at La Moneda Palace. (Although no one seems to dare talk to Pinochet about it), everyone in government circles is commenting on the fact that Pinochet's announcement of a campaign for 1989 has had devastating effects on relations with the United States.

Nevertheless, planning is continuing for the campaign.

One of the centers of that campaign is the General Secretariat of Government. Minister Francisco Javier Cuadra has publicly recognized that changes are being made, but only the actual changes in the Civilian Organizations Directorate clearly reflect the real purpose behind these changes.

Changes in all the secretariats (Dinacos [Government Social Communications Network], Youth Secretariat, Women's Secretariat, Cultural Relations Secretariat, and Unions Secretariat) have pushed the independent Democratic Union (UDI) out of an important position of power.

The quiet battle for control of some of these posts (such as the Youth Secretariat from which Ignacio Fernandez was removed, despite his efforts to retain it) have reached an unprecedented level and practically impled an "attack" against the UDI. What is known about this "attack" indicates that Pinochet himself ordered the operation (some find a relationship between this and the reference to "requitted love" made 2 weeks ago), yet taking care to preserve his friendship with the UDI with the dispensation of new mayoralties and invitations to lunch.

He made his moves out of the conviction that a team of people close to nationalism and Catholic integralism would be a guarantee of loyalty and work looking toward 1989. Instructions are precise: The secretariats will lead, along with the women volunteers, the efforts to obtain support and to organize a demonstration in support of Pinochet. To prepare that demonstration, discreet meetings with chiefs of public services began last week in order to guarantee a massive turnout for the demonstration that will be held on 10 September.

Some mayors were also called in for the same purpose after the Secretariat General of Government conducted a preliminary screening based on a questionnaire given to the mayors in a meeting 2 weeks ago.

At the same time a propaganda campaign aimed at extending the terms of the regime is being outlined. It has been learned that this outline is being prepared by TVN [not further identified] Director Manfredo Mayol and that it will be launced in two successive phases: The first focusing on government accomplishments and the second on enhancing the figure of Pinochet as the irreplaceable leader of the process. However, the most substantial part of the campaign is now centered on the "mass demonstration" on 10 September. Logistical services (transportation, schedule accommodation, permissions) have been offered to the most important public offices in Santiago.

What would be the purpose of the demonstration? Certainly, it would not be to convince the opposition, or the world, although it may help to prop up a little the untenable position of the Chilean ambassadors abroad. Thus, only the Armed Forces remain as the target. More precisely still, the target will be the Government Junta and some Army officers who share the Junta's apprehensions.

This is, in fact, the sector that heard the most urgent message sent from the United States. The message was delivered personally by the assistant to Elliott Abrams, Robert Gelbard, who also told it to a small group of Army generals with whom he met. [passage omitted]

POLITICIANS REACT TO SENATOR HELMS' SPEECH

PY121520 [Editorial Report] Santiago Radio Chilena in Spanish in its 1700 GMT newscast on 11 August carries reactions by three Chilean politicians to the speech that U.S. Senator Jesse Helms delivered to the U.S. Senate on 7 August. Social Democracy President Rene Abeliuk said: "I believe that excessive attention is being paid here to a man who is laughed at in the United States and who represents the most reactionary sectors of that country. Helms believes that those who do not follow his line are communists and leftists."

He added: "This man has supported Somoza, the apartheid system, and Mr Garcia Meza, who is an associate of cocaine traffickers in Bolivia. What else can be said of Helms? We must not waste more of our time. I must, however, add that if Mr Helms is the defender of the Chilean people, well we will apply the saying; tell me who are your friends and I'll tell you who you are. I think that the worst thing that this government could do is to openly make believe that, or show that, it has a great friend in Mr Helms, because with a friend like him, who needs enemies."

Radical Party President Enrique Silva Cima stated that Senator Helms proposes the denial of democracy. Helms' ideas are simply a repetition of the permanently sustained concepts of President Pinochet when he accuses all those who oppose his government of being Marxists or Leninists.

Christian Democracy [DC] Vice President Juan Hamilton said that Helms had defended the worst Latin American dictatorships, "among which are those of the Somoza family in Nicaragua and President Stroessner in Paraguay. Helms is proud of being a personal friend and public defender of Colonel D'Aubuisson, who created the death squads in El Salvador. He repeatedly expresses his support for the apartheid regime in South Africa, and he has supported the military dictatorships in Bolivia, Brazil, and Argentina, even during the Malvinas war against the United Kingdom. Such a background demonstrates that Helms belongs to the extreme right, an unusual product of the U.S. community, but one which is at the same time the result of an open, nonexclusive, and pluralist democracy in which people like Mr Helms have the right to express themselves and occupy a public post. It is not strange that with such a background Mr Helms is defending Pinochet's government before the U.S. public."

Hamilton added that there is a relationship between Helms' former causes and long-time friendships, and his defense of Pinochet's regime. In order to defend Pinochet's regime, Helms must necessarily distort the Chilean reality just as he does. The DC leader added that through their representatives, the American people are in favor of a peaceful and rapid transition to a real democracy. Helms has contributed to making Chileans understand better the position of the U.S. Congress regarding Helms' defense of Pinochet's regime.

UDI CALLS FOR END TO EXILE, EXCEPTION LAWS

PY120201 Madrid EFE in Spanish 1709 GMT 11 Aug 86

[Text] Santiago, 11 Aug (EFE) -- The right-wing Independent Democratic Union (UDI) feels that the progress made by the process of institutional normalization in Chile "has made exile meaningless." This is stated in a communique released by the UDI. After analyzing the situation in Chile, its background and prospects, this political group submitted 24 proposals dealing with economy, politics, and social and cultural affairs.

According to the latest official figures there are 3,717 Chileans who cannot return to their country. Among other things the UDI calls for "a prompt and total end to exile." According to the UDI the exile that was applied after [11 September] 1973 "was a painful but inevitable consequence of the virtual civil war into which the Marxist government deliberately plunged Chile between 1970 and 1973." The 11 September 1973 a coup d'etat overthrew the constitutional government of socialist President Salvador Allende and allowed the current military regime, headed by General Augusto Pinochet, to take over power.

However, the UDI believes that the Chilean Constitution proposed by the military government and approved in a plebiscite 6 years ago, does not deny the exiles "the right to live in their own fatherland," and has asked for the end to exile. The UDI communique states that "this will help heal the wounds and be a visible sign of progress toward full democracy, which is obviously incompatible with the maintenance of exile."

The other proposals of the right-wing group have to do with the need for a firm movement toward full democracy in keeping with the guidelines of the 1980 Constitution, the streamlining of procedures aimed at amending the Constitution for the period beginning in 1989, and the strengthening of political pluralism. The UDI also proposed putting an end to the indefinite extension of exceptional laws and enhancing the role of the Armed Forces in Chile's future democracy.

NEWLY APPOINTED CABINET LISTS WORK AGENDA

PA130129 Paris AFP in Spanish 0329 GMT 12 Aug 86

[Text] Bogota, 11 Aug (AFP) -- The ministers who will serve in the Cabinet of the newly installed Colombian president, Liberal Virgilio Barco Vargas, tonight previewed the program for the country in an interview which was broadcast nationwide over radio and television and was organized by the CARACOL Radio Network and its chief news editor, Yamid Amat.

Government (interior) minister Fernando Cepeda explained that the chief of state is preparing a message to Congress which will set the groundrules which apply to the government-opposition system following the refusal of the Conservative Party to collaborate with his administration.

The decision forced Barco to appoint an all-Liberal cabinet, breaking a 30-year tradition which is embedded in the Constitution and mandates that equitable participation be given in the administration to the party that wins second place in the presidential elections.

For his part, National Defense Minister General Rafael Samudio reasserted that Colombia's pacification requires political-military handling, which calls for offering the hand to those who have abided by the truce agreement and for fighting with the full rigor of the law those who refuse to return to normal life.

After categorically rejecting the likelihood of accepting foreign military assistance to bolster peace, Gen Samudio hinted that an Armed Forces representative may be present in the peace talks with the subversives, contrary to what occurred during the previous administration.

New Foreign Minister Colonel Julio Londono, retired, announced that President Barco will travel to New York and Washington in September to address the United Nations and act as Latin America's spokesman before the IMF and World Bank. The deliberations in Washington will be chaired by Colombia.

It is quite likely that President Barco will meet with U.S. President Ronald Reagan, he added.

The quest to protect the security of the community, judges, and magistrates will be the centerpiece of Justice Minister Eduardo Suescun's efforts. Suescun stressed that "the dignity of justice must be restored" because "the judiciary seems to have ceased functioning as a government branch during the last 30 years."

He added that during the initial phase of his tenure, he will not take up matters already dealt with by his predecessors, such as the reforms to the current extradition treaty with the United States, because he feels that it is more urgent to establish real justice in Colombia.

Regarding the economic woes, Finance Minister Cesar Giviria emphatically asserted that the chief problem is the exorbitant growth in interest rates.

To resolve it, he said, measures will be enacted to curb the currency expansion in order to keep inflation from skyrocketing. Costly programs are not to be expected in the public works area because there are no resources, said Public Works Minister Luis Fernando Jaramillo, who intends to give priority to the railroads and the state-run Colombian Ports Enterprise.

Public works programs will focus mainly on the underprivileged sectors of the population in order to eradicate destitution, he added.

For his part, Agriculture Minister Jose Fernando Botero will strive for a speedy and adequate marketing of agricultural-livestock products to prevent increases in the cost of living.

The struggle against unemployment will be Labor Minister Jose Name Teran's main task. He is already considering some initiatives, such as establishing a collectors system in the mass transit system in big cities, which will provide jobs to some 100,000 people and will ensure better treatment for users.

Regarding education, Minister Marina Uribe de Euse, the only woman in the Barco cabinet, said her main concern will be to pay the teacher's salaries promptly.

Therefore, she will immediately try to conclude an arrangement with the Finance Ministry and the National Treasury "to make sure that never again will there be delays in the payment of the teachers' salaries." Such delays have been the source of many conflicts and strikes in the past.

Guillermo Perry, the new mines and energy minister, stressed that he will attach priority to increasing oil prospecting and announced that he is considering a policy of association with foreign companies.

"Although it is true that the prices of Colombia's two leading export items other than coffee, oil, and coal, have dropped during the last few months, it is to be hoped the situation will improve," he noted.

Finally, Communications Minister Edmundo Lopez said that he will undertake a sweeping review of [the system for] handling radio and television programming, which is rented to private citizens under contract. He asserted, however, that this communications media will not be used for political retaliation.

The other two ministers, Economic Development Minister Miguel Alfonso Merino and Health Minister Cesar Esmeral, did not participate in the interview because they had been appointed only 24 hours before.

BARCO NAMES OSSA ESCOBAR PEACE PROCESS ADVISER

PA121609 Bogota Television Service in Spanish 0000 GMT 12 Aug 86

[Text] Although there is a new government, the intention to consolidate the peace process remains irreversible. President Barco has appointed an adviser on these matters. General Rafael Samudio, minister of national defense, does not rule out the possibility of a member of the military becoming directly involved in the dialogues or some other form of rapprochment with the subversives. More on this by Alvaro Osorio:

[Begin recording] [Osorio] There will be no further references to the Peace Commission. The person who will take charge of continuing this process is Carlos Ossa Escobar, adviser for reconciliation and rehabilitation. Ossa Escobar's office will be at the presidential Palace. He asserts that he will not be starting from scratch; many of the Peace Commission's experiences will be taken into account. The intention is to discard much of the dialogue and move to concrete action.

The mission of the adviser on reconciliation will be to help the government implement development plans in the violence-ridden areas. Ossa feels that the progress made during the past administration was very important: investments must be made now in the areas of guerrilla influence.

The adviser will assume office this week and plans to travel to Casa Verde to brief the FARC general staff on the new dynamics of the process. What will happen with the guerrilla groups that did not sign the peace agreement?

[Ossa] (?I have already said) that the government will not promote dialogue with them so long as they continue assaulting people, blowing up police stations or barracks, using terrorist tactics. They must realize that they are more isolated every day. I would ask them to please stop and realize that bloodshed is illogical; that the government is committed to making reforms; that they should heed this call. If they wish we can engage in dialogue, but after they have muzzled their rifles. [end recording]

The Peace Commission is now a thing of the past, and an adviser has emerged. In the violence-ridden areas the government plans to make large investments and reforms, subject to approval and enactment by the Congress of the republic.

FOREIGN MINISTER QUALIFIES CONTADORA PARTICIPATION

PA122006 Hamburg DPA in Spanish 2313 GMT 11 Aug 86

[Text] Bogota, 11 Aug (DPA) -- Colombia will continue to be part of the Contadora Group "so long as the Central American countries recognize the political value of its mediation efforts," Foreign Minister Julio Londono Paredes has said.

The Contadora and Central American foreign ministers will soon meet to discuss the situation and decide whether there is sufficient interest in continuing Contadora's efforts to prevent a generalized conflict.

"If the countries involved in the conflict do not make the decision, it will make no sense for Colombia to insist on participating," the foreign minister said in an interview with the CARACOL Radio Network.

SOVIET OFFICIAL COMMENTS ON BARCO MEETING

PA130223 Madrid EFE in Spanish 0132 GMT 13 Aug 86

[Text] Bogota, 12 Aug (EFE) -- Aleksandr Mokanu, deputy chairman of the Presidium of the USSR [title as received], who met today with Colombian President Virgilio Barco, announced that the two countries will increase their relations.

Mokanu, who represented his government during Barco's inauguration on 7 August, said at the end of his 7-day visit to Bogota that the two countries will increase their commercial, cultural, technological, and athletic relations.

Mokanu talked today with President Barco at the Narino Palace, the presidential house, for more than 1 hour and 30 minutes, accompanied by Leonid Romanov, USSR ambassador to Colombia, and other high-ranking Soviet officials. During the meeting, they discussed matters related to world peace and disarmament. They also analyzed the Contadora Group, a spokesman said.

They talked about the foreign debt in developing countries and the normalization and institutionalization process that Colombia will implement in some regions to achieve national reconciliation.

After his meeting with President Barco, Mokanu said that the meeting was "an honest and friendly dialogue."

FRG'S WARNKE VIEWS TIES WITH COLOMBIA, L.A.

PA121455 Hamburg DPA in Spanish 2045 GMT 10 Aug 86

[Text] Bogota, 10 Aug (DPA) -- FRG Economic Cooperation Minister Juergen Warnke said in Bogota that his country favors repeal of the statute on capital (or Decision 24 of the Andean Group), "a clause that curbs foreign capital investments in agricultural industries and tourism."

Warnke, who is also a World Bank governor and vice president of the Committee on European and International Cooperation, represented his country at the inauguration of Colombian President Virgilio Barco.

Warnke told DPA that "for the FRG, Colombia is one of its most important partners in economic relations. We support and encourage investments in this country and are prepared to increase them." He recalled that the FRG is the top buyer of Colombian coffee. Warnke noted that in 1985 the FRG purchased more than half the coffee beans Colombia exported, and in 1986 "we have already pruchased more than one-third of the coffee exports due to the drop in Brazilian coffee."

"So long as the Andean Pact decree remains in effect, our greatest contribution is maintaining an open market for Colombian imports. For that reason, the FRG's purchases from Colombia last year exceeded $275 million," Warnke remarked.

In addition to attending the Barco Vargas inauguration, Warnke signed an agreement with the Colombian Government on FRG aid following the Armero tragedy, the village buried by the 13 November 1985 eruption of the Arenas volcano on Nevado del Ruiz mountain. This agreement for DM 4 million is in addition to the DM 20 million already donated.

Regarding the stability of the Contadora Group, which received international attention during the installation of the new Colombian Government, Warnke said that "this gathering in Colombia has reaffirmed the Contadora process, which was imperiled."

"The FRG has always stated its interest in closer ties between the European Community and Latin America and with the peace process in Central America," Warnke said. "Therefore, we view Spain and Portugal's entry in the EEC as something positive, helping establish a direct relationship with Latin America," he said.

CONSERVATIVE PARTY NAMES NEW BOARD OF DIRECTORS

PA130104 Bogota Television Service in Spanish 0000 GMT 12 Aug 86

[Excerpts] The Conservative Party held its national convention to draft guidelines and choose its nine-member board of directors. [passage omitted]

The following party leaders were chosen to form the party's board of directors: Valle Department Senator Rodrigo Lloreda Caicedo, Cundinamarca Department Senator (Alvaro Leiva Duran), Antioquia Department Senator J. Emilio Valderrama, Bolivar Department Senator (Rodrigo Barraza Salcedo), Atlantico Department Senator (Roberto Herlein), Caldas Department Senator (Rodrigo Marin Bernal), and Antioquia Department Senator Alvaro Villegas Moreno.

BRIEFS

ANTIDRUG CAMPAIGN -- National Police Director General Victor Alberto Delgado issued a report summarizing the actions carried out by the National Police during the past 4 years in its battle against organized crime and drug trafficking. The report states that since 1982, 16 million KG of marijuana, 38 tons of cocaine, and 14 tons of cocaine base have been confiscated, and 11,600 drug traffickers have been arrested. [Summary] [Bogota EL SIGLO in Spanish 5 Aug 86 pp 1, 6 PA]

DAILY STOPS CIRCULATION -- Cali, 5 Aug -- EL PUEBLO, the liberal daily, will stop circulating tomorrow because of critical economic problems. EL PUEBLO spokesmen announced that this is a temporary closre. [Summary] [Bogota EL TIEMPO in Spanish 6 Aug 86 pp 1A, 6A PA]

FEBRES CORDERO ADDRESSES REPRESENTATIVES

PA110446 Quito Domestic Service in Spanish 2330 GMT 10 Aug 86

[Annual address by President Leon Febres Cordero to the Chamber of Representatives -- live]

[Text] Mr Vice President of the Republic; Mr President of the Congress [shouts]; Mr President of the Supreme Court; Messrs Ministers of State; Papal Nuncio, dean of the diplomatic corps; Your Excellencies Ambassadors and heads of missions of friendly nations and international organizations; Mr President of the Court of Constitutional Guarantees; [shouts] Mr President of the Supreme Electoral Tribunal; Mr President of the Tax Court; Messrs Commander Generals of the Armed Forces and the National Police; high government officials; Archbishop of Quito; Messrs national and provincial deputies; civilian, military police, and church officials; distinguished ladies; gentlemen; Ecuadoran people [shouts]:

After a year of drama and paradoxes, in fulfillment of my constitutional duties, I come before you and my fellow countrymen to report on developments in the Republic which have by now become part of that collective memory that is history. This year must lead to guided reflection and most of all must reinforce our faith in the country's virtues, increase our commitment to work, and reaffirm our trust in the lofty ideals to which Ecuador and our people are called. [shouts] As the world is heading... [interrupted by crowd] towards the end of this contradictory 20th century, it has recorded [words indistinct] on the entire surface of the planet. The almost cosmic chess game of the superpowers continues to be played, and the gap continues to close between technology's prodigious progress -- which carries within it the seeds and nuclear warheads of its own destruction -- and the secret anguish of each individual who ponders in the deepness of his inner self the same questions which summarize the fathomless enigma of human nature.

The American setting, always vital and vibrant, was marked by two basic issues: the tempestuous windstorm of the economic crisis, in which the problems of the foreign debt and the injustice of the trade exchange terms stood out sharply, and the undefeated desire for democracy was manifested during the realization of the legitimate electoral process, in the multiform struggle against terrorist and drug trafficking, and with the blow of unjustifiable coup attempts at a time when the nation [applause] was convinced of the irreversibility of its constitutional process. With this background, Ecuador has enriched its institutional experience during the year I am describing.

The obvious successes as well as the conflicts and controversies have meant [words indistinct] of authentic democracy, of what democracy is, what it implies, and the reasons for which even supreme sacrifices are justified to preserve it and perfect it. [shouts]

Economically, the first half of the exercise has confirmed the country's possibility of achieving an authentic and dynamic development when it is guided in a realistic manner, with good faith and efficiency. The latter part of the exercise has demonstrated that not even the worst problems that have emerged from factors over which Ecuador has no control are enough to bend the endurance of the alliance between a government whose pulse is not altered when it confronts a storm and when it decrees essential adjustment measures, and a patriotic and intuitive people, irrevocably determined to overcome any adversity. [shouts, applause]

It is impossible to understand and effectively analyze the period this report is referring to if we forget the two phases I just mentioned. The hinge around which the circumstance swung was the violent drop in the international oil prices between the end of January and the first half of February 1986. Due to the difficult situation in which I found the country in August 1984 [as heard], 1 year ago, I and all of the Ecuadoran people can attest to the fact that a healthy recovery was taking place. This process was strengthened during the following months. Within close circles, the notable success of the signing of the documents to renegotiate our debt with the foreign private banks was unanimously acknowledged, because in terms of interest payments alone it meant a savings of $200 million and [applause, chants] specific agreements with the governments of the countries that form the so-called Paris Club.

The notable seriousness of the Ecuadoran people regarding their commitments, the discerning handling of the country's economic policy, and the people's cohesive effort were weighed by the international financial community, which placed the country in a situation that it would be improper to describe as privileged, but which undoubtedly was encouraging. By the end of 1985, production had increased by 3.8 percent, a figure which not only surpassed population growth, but, by some 50 percent, the level predicted by previous analyses.

The agricultural sector showed new strength; manufacturing changed its previous trend towards a depression; we began looking for oil in the Amazon area and in our territorial waters; mining activities resumed; construction progressed, and infrastructure projects could be seen in all the provinces of the country. The public sector's consolidated credits were not only balanced but showed a surplus equivalent to 1.5 percent of gross internal product, the first time this has happened here. Exports increased and the balance of payments showed a positive credit of $25 million.

The collapse in oil prices was a harsh blow. Various errors coupled with insufficient attention given to one of the fundamental tasks for our country, the diversification of exports, have created almost suffocating dependence on foreign sales of hydrocarbons. Ecuador obtained $2 of every $3 dollars and almost half of its fiscal revenues from foreign sales.

In only 3 weeks, prices plummeted from $27 to $10 a barrel. Since that time, prices have varied but have not gone above the $18 mark. During the last week, prices dropped below $9. This is the lowest figure in 13 years. The reduction in foreign currency will exceed $1.1 billion and the reduction in fiscal revenues some 55 billion sucres. In other words, this is a problem which because of its actual and relative proportion, is unprecedented in Ecuador's 156 years. It is not similar to any event of the past century because of the weak ties that existed in that era with international markets. It is not even similar to the collapse of cacao production during the 2d decade of this century, to the depression of the thirties, or even to recent weather changes often mentioned as part of a vain effort to hide blameworthy omissions during this decade.

Therefore, the move to reduce our production growth target as part of the realistic and adaptable planning efforts conducted quietly by the National Development Council should not dismay anyone. It is unfair to protest the severe austerity measures imposed on government spending, to place inordinate demands on the system, and to demand that projects totally out of tune with reality be executed. Fairness is acknowledging that although the people have had to live with the effects of the problem I have outlined, its impact has been milder than expected and than certain obstinately sectarian sectors, more interested in seeing the government fail than the nation fare well, were ostensibly awaiting.

This was possible thanks to two factors: first, the economic recovery which our efforts since August 1984 made possible; and second, the enlightened and realistic way in which the executive managed the crisis since it began. Adequate judgment helped alleviate the effects of diminished foreign exchange and fiscal revenues. [applause] This administration has handled the flow of foreign monies intelligently, expedited paperwork for the disbursement of funds in already concluded soft loans, obtained a loan from the Andean Reserves Fund to boost our balance of payments situation, negotiated and virtually secured release of an advance on our oil export fund from the international commercial banks, obtained running, stand-by [preceding word in English] credits, and an up-front, crossover, short-term loan the U.S. Government granted Ecuador in a commendable, tangible recognition of our efforts in confronting such dramatic crises. [applause]

The most recent and continuing drop in oil prices necessarily aggravates the crisis, imposing on all Ecuadorans, particularly those in leading positions in government, the need for concerted, responsible, and generous work. The harm that this emergency may inflict upon our society will not simply be blamed on an international economic system against which epithets can be hurled. The people will save for government leaders the sharpest criticism concerning their blunders or the sins of omission that failing to cooperate actively and fully to reach the best possible solutions entail. [applause]

Messrs legislators, without disregarding the burden of the duties which are assumed by the president of the republic and his closest aides, you cannot evade your own responsibility to legislate seriously, judge things objectively, and analyze with a constructive mind the suggestions presented by the executive branch at any given moment with the intention of alleviating the grave problems which affect the Ecuadoran people. [shouts, chanting]

I would not be wholly fulfilling my duties if I simply reviewed the conflict which the international oil crisis has provoked in our country: and pointed out the measures adopted by the government with the intention of solving this grave problem. It is necessary to mention -- at least briefly -- what the situation we face represents at the world level. Following a lengthy period of low and virtually fixed prices, oil prices began to rise in 1973. The movement was led by the OPEC member-countries, which then controlled two-thirds of the market.

This policy provoked a strong crisis in many states and promoted the development of alternate energy sources as well as increased production by non-OPEC member-countries. Eventually, this organization was left in control of less than half the world market. This situation was used by various forces and nations interested in provoking a decrease in oil prices. OPEC member-countries, particulary Saudi Arabia, Kuwait, and the Arab Emirates, then decided to flood the crude oil market and meet increasing demands -- given the magnitude of their reserves and low production costs -- hoping that a bottoming in proces would eliminate non-OPEC producers whose costs are significantly higher.

Whatever the goals and reasons for this modification in the market, some facts are clear: The oil-producing countries are suffering gigantic damages; those located in the Latin American area report overwhelming losses. We have already described what is happening in Ecuador; in Venezuela, the drop in revenue is calculated at $5 billion; Mexico's loss is estimated at $11-12 billion. Likewise, overall losses among OPEC-members have risen to $40 billion. The most relevant historical fact is that the largest percentage of resources are being transferred from developing countries which export oil to industrialized countries, whereas only 6-8 percent of the overall losses incurred by the former reaches poor nations which import oil. [sentence as heard]

Thus, the main phenomenon in the sixties was a transfer of resources from industrialized and developing states which consumed crude oil to countries which exported crude oil; our current phenomenon is exactly the opposite. [applause, shouts, chanting]

The Latin American debt is close to $400 billion and is one of the heaviest burdens in our history. Ecuador managed to renegotiate its debt prior to the drop in oil prices; the payment deadline was extended 12 years, a 3-year grace period was obtained, and the payments were scheduled so that they would not be more than 30 percent of overall volume of our exports -- based on 1985 figures. This was the least onerous renegotiation result ever achieved in this hemisphere. [applause] However, however [repeats himself] what happend with the crude oil and the subsequent reduction in revenue income -- for an amount equal to or even slightly larger than the payment of our credit obligations abroad -- has noticeably altered the picture, because these phenomena virtually represent a return to the renegotiation terms signed by the previous government, by which two-thirds of the revenues obtained from exports were consumed by the foreign debt payments.

Although the reduction in the price of oil aggravates the foreign debt problem, the financial effect remains the same: Ecuador can no longer continue living on only one-third of the foreign exchange acquired through its exports.

The Ecuadoran Government has frankly and clearly presented these realities to the credit banks, creditor-countries, and to the international financial community in general. Obviously, if during 1986 the oil prices do not return to levels which, even though they may not reach the stable price of $25 per barrel, at least surpass the current low average, we will have to make the necessary adjustments so that our country may be able to maintain its rate of growth, modest as it may be, and simultaneously meet its foreign credit commitments. [shouts, chanting]

We do not advocate formulas which imply ignoring the debt we have acquired. However, I also state that it is physically impossible to subject a nation to the [word indistinct] of living and working exclusively to pay an international financial obligation without respite, hope, and the promise of a tangible development. [applause] Consequently, new alternatives have been analyzed and will continue to be sought: [word indistinct] of renegotiation, new credits, and others that may be even more drastic and dramatic to implement the alternative that most effectively protects the highest interests of the Ecuadoran people and their future. [applause, shouts]

As I have said on many occasions, and both the foreign and finance ministers have reiterated, the foreign debt problem is not an exclusively financial problem. Now more than ever we must warn that the survival of Latin America depends on the solution of this problem. It is necessary for the international community to realize with utmost clarity that there is no more time to lose. If the foreign debt problem is solved satisfactorily, Latin America will have a chance to enjoy full democracy, progress, and harmony. If (?on the contrary) an adequate solution is not found, each one of the governments and their respective peoples will find other ways to survive, even though those paths pull the countries in the region away from many mechanisms for trade and cooperation.

One could say that the foreign debt drama is the drama of continuous proletarianization and sinking of all of Latin America. The international community -- particularly the developed countries that are undoubtedly benefiting from the transfer of resources from the oil-producing countries -- must accept their serious historical and equitable responsibility by assuming part of the necessary and urgent efforts so that 300 million Latin Americans can find formulas for progress and healthy cooperation. [applause, shouts, chanting]

If the solutions to the problem are postponed, it is believed that the problem can be solved by financial experts sent by the international banks, month by month Latin America will increasingly become a continent of great frustrations.

Perhaps no other country in America as Ecuador, or any Latin American president as Leon Febres Cordero can speak with such authority, [shouts] ... because no country as Ecuador, and no president as Leon Febres Cordero has so systematically sought methods of solution that are healthy, viable, practical, honorable and stable.

It is not too late. The international community must commit itself to a rapid, just, and effective solution. The Latin American governments must correct the mistaken policies that led to a crushing indebtedness, that exhausted the productive systems, that increased the bureaucratic expenditures to unnecessary levels, and scared away the venture capital. If there is no coordination of our mutual responsibilities our formulas may not be formulas for a solution, but they will unquestionably be elements of hope for the anguished people to which they and their governments will cling regardless of the diversity of their political leanings. [applause]

Our work has been unceasing. Within the economic picture that I have described, the government has carried out a year's labor demonstrated in projects incomparable in our history, in number, scope, and economic, social, and cultural importance.

The administrative apparatus has a strict obligation to be efficient and honest, and to offer dynamic service to the citizens who finance and support it. These are the objectives of the debureaucratization plan and other initiatives of administrative and general development. Specifically, the constitutional reports of the ministers and officials of the various government institutions point out the achievements, current projects and initiatives that are being implemented with fervor and patriotism throughout Ecuador.

This is why I will limit myself to pointing out the master guidelines for the work of the executive branch, mentioning some finished projects that exemplify and demonstrate them. The first is the abiding humanitarian commitment aimed at meeting in such a [word indistinct] way the basic needs of the Ecuadoran man, beginning with his physical sustenance, material needs and health so that in a peaceful environment he will be an appropriate agent for the development of his family, his country and himself.

That is the reason for the fervor of those noble and exciting national campaigns that, headed by the first lady, drew the unanimous support [chants] of thousands of Ecuadoreans who, moving through the neighborhoods and countryside of the coast, the Andean highlands, and the Amazon region to the Galapagos Archipelago, defended our main resource, our children, from the most common diseases through mass vaccination. [applause, chanting]

That is also the reason for the tenacious work for free medicine for the children of poor families. I have been proposing such a program ever since I held a congressional seat. Insults and demagoguery prevented the establishment of such a program at that time, but having received the highest civic office from my fellow countrymen, the least I could do was work to implement such a program. The financing requires a system closely linked to social justice, supported by taxes paid by the wealthy when they consume luxury or nonessential goods. Complex and precise studies were carried out to determine the operational structure, the regulations, and the technical characteristics of the program. The program is definitely underway, signifying the planting of a seed whose best fruit will be harvested through the strength and potential of future Ecuadoran generations.

At the same time, the products for the people's generic medicine program are arriving in the country. Distribution will start in September and it will generate a significant drop in prices. This represents one of the most important social achievements for our people.

The human being is shaped through the educational process and manifested through expressions of culture. One of the basic goals of my government is the complete development of technical education, an antidote against many deplorable failures which should be blamed on a traditional and decrepit system. Technical education is a resource which will improve the possibility of employment for thousands of Ecuadoran youths, offering the country capable and creative mid-level professionals, efficient protagonists for the many tasks required for the productive development of the nation. In its first stage the program included 15 agricultural and industrial schools strategically located throughout the country. The second stage will be directed toward 41 additional schools [shouts] and encompass new efforts essential for the total success of this initiative.

At the same time, the government has promoted sports because of the high individual and social values involved. Last year it invested 1.72 billion sucres in infrastructure and culture. It completed the preparation of a basic tool in the proposed book bill, now subject to your analysis, members of the legislature. In addition, the necessary modifications have been implemented so that the national fund of culture may start to operate.

The most needy sectors of the population have been the subject of much concern. Many tasks are part of an unavoidable effort to assist the people from the Guayaquil suburbs. The paving of 400 blocks and 80 km of urban roads is just one among the many other tangible examples of the magnitude of the task we have started. At the same time, we are implementing emergency improvements to provide essential public services for Quito's surburban areas. In the same direction, new standards and services to promote crafts have been included with maximum emphasis.

The establishment of obligatory agriculture insurance -- which by providing benefits to a large number of our brother peasants triples the amount of all those who are currently members -- makes possible the exercise of authentic human rights and gives meaning to the constitutional principle of equal rights in the relentless struggle against inflation. [crowd shouts slogans] In addition to other pernicious consequences, the worst damage caused by uncontrollable inflation is that it worsens the injustice regarding the distribution of wealth. It makes the rich richer and the poor poorer. Therefore, based on my solid commitment to the people and the prevalence of social justice, I have not surrendered nor will I surrender to inflationary pressures. From the spiraling rise in prices when I was sworn in, we have been able to reduce inflation to 28 percent in 1985. Moreover, the research and technical studies show that by 31 July 1986 inflation has been reduced to 18.9 percent. This is an undeniable sign of the discipline on the credit, the ordered and coherent management of the fiscal and monetary policies, and the noticeable agricultural recovery.

The agricultural recovery is another one of the leading indicators of the government's efforts. What has been accomplished represents one of the most meaningful transformations of this century. By changing an absurd trend, Ecuador is again what it has really always been: a farming country. [shouts] This has been a tireless effort which encompassed wise planning, guarantees of private property complying with social responsibility, credit, technical assistance, innovations in marketing and irrigation, and which has resulted in an increase in production. Now that domestic consumption needs have been satisfied after many years, we have surpluses of rice, hard corn, and beans, and the sale of these products to other countries will be encouraged by the fact that the dollars coming from such operations can be freely negotiated in the currency market. [applause]

I do not hide the legitimate pride I have in my government for being the first to seriously try technically and creatively to overcome a grave inequity which has burdened Ecuadoran progress: that is the enormous and unjustified distance beween the producer and the consumer. Thanks to the produce market [bolsa de productos] and to the related measures that were adopted, the double standard and profound injustice have been eliminated. In these, the peasants received low prices in exchange for their work and sacrifice, and which proved detrimental to their productive effort: the consumer ended up paying excessive prices for necessities. At the same time, the forest plan [plan bosque] has financed the reforestation of more than 20,000 hectares which helps to increase jobs, and allows more goods to be available. This will protect the environment; the common stock of all Ecuadoreans, present and future generations. Meanwhile, efficient methods of farming research [cheers] will increase performance, make it possible to compete in international markets, diversify our exports, and free us from the choking dependence on oil. [cheers]

In view of the country's condition, simply the improvement in farming means a gigantic step forward and the strict adherence to another of the government's fundamental goals: The harmony and balance in the development of the different geographic areas and the various economic sectors. With the same intention much more has been accomplished. Unquestionable proof is the special and sectorial course taken by the Ecuadoran Development Bank whose loans increased by 69 percent. The work of regional organizations and the roadbuilding effort which is close to 4,822 km, with special emphasis on access roads, not only permits produce to be transported to the consumer centers, but becoming real tendons of Ecuadoran integration. An integration, that removes us from confrontations and becomes strong and positive collaboration, by overcoming antagonisms and mistrusts, and basing itself on justice and the most strict and severe obedience of the law, brings together in tangible solidarity the heads of production, workers, businessmen, administrators, and researchers -- united together with a love for the fatherland and an invincible desire for progress. This is briefly the basis of our labor policy. This is why salaries were raised 1 January 1986 in a way that would compensate for inflation but that could be really afforded, without causing fiscal bankruptcy or the bankruptcy of private business, which in the end means unemployment for Ecuadoreans. [cheers, applause] This is why more than 100 minimum wage commissions have been created. The formation of labor organizations has been stimulated, dozens have received approval. Collective labor bargaining has been boosted, resulting in fewer labor conflicts, despite the generally difficult conditions of the first half of the year. Due to its increasing domestic integration Ecuador has managed to project itself internationally. It is well known that our policy on this subject rests on solid principles of justice and law. Ecuador seeks frank and friendly relations with all the countries of the world without exception. It takes great care to observe extreme consistency in what we think, say, and do. It discovers international relations as a method of common and dynamic development. During the time which this report covers, I made three important trips outside Ecuador. I visited Venezuela, the Dominican Republic, and Puerto Rico at the end of 1985, thus intensifying economic relations, technical cooperation, and trade, and especially in the case of Venezuela, some pending problems were finally solved. The most significant points were the deep analyses made with President Jaime Lusinchi and President Salvador Jorge Blanco on the problems of Latin America, the foreign debt, peace in Central America. The fight against terrorism and drug trafficking were discussed in depth with noticeable agreements. In January 1986 I made an official visit to the United States. I spoke openly and frankly with President Ronald Reagan, and received special treatment in consideration of the Ecuadoran people and for the way our country is facing its economic and political problems. [applause, cheers]

That opportunity also served to reopen the path of the development credit organizations that had been practically closed to Ecuador for several years. Soft loan agreements were signed with the IDB, the World Bank, and AID amounting to over $300 million. I had the opportunity of presenting our country to a meeting of very important journalists at the National Press Club where, in reply to a long question period, I explained the achievements and purposes of our government. That visit also allowed us to promote productive investments, particularly in the mining field, and gave us the opportunity to have open, sincere, and very positive exchange of ideas with U.S. union leaders.

In May I attended the presidential inauguration in Costa Rica. I accepted a very cordial invitation by the now former Presdient Dr Luis Alberto Monge. This was also an opportunity to get acquainted with the young and recently-elected president, Dr Oscar Arias. [applause and cheers] Costa Rica, a democratic country by tradition and conviction, gave an additional example of that political awareness during the inaugural ceremonies. It was a pleasure for me to be a witness of that Costa Rican civic activity. I then went to Honduras, invited by President Jose Azcona Hoyo and viewed the honesty and objectiveness with which he analyzes the Central American conflict. I also visited the El Zamorano Agricultural School, with which we have an agreement for training 130 young fellow countrymen, who will be the future forces driving Ecuadoran agricultural development. We also signed agreements with Honduras that will assure an exchange of technical experiences and adequate cultural contacts.

Legislators: I hereby reiterate that what I have stated is merely a brief outline that grants unity and coordination to the [words indistinct], and of course, the basic framework [words indistinct] for the austere atmosphere of work and specific duties of the Armed Forces that zealously defend our national territory and provide services for the Ecuadoran community. This also has an influence on the new 42,000 housing units that were promoted by the public sector last year. [shouts, cheers] The [words indistinct] built 28,441 housing units, that showed a 25.7 percent increase as compared to the first year of my administration, when it was necessary to define the general characteristics of the system and solve the terrible problems that had been left pending. Therefore, in keeping with the [word indistinct] rate, which will be kept rising, as I offered during the electoral campaign, but it will increase and will make true the promise to build 120,000 low-cost housing units during my 4-year term. Also, there are new mechanisms to develop the manufacturing industry, particularly the one based on national raw materials, that opens new jobs; the small enterprise that equally distributes the benefits of progress among all Ecuadoran regions; the growing [words indistinct] of petroleum, that seeks to obtain reforms that will compensate and increase the quantity that is being drilled by three new contracts of [words indistinct] in the Amazona area, the coastal area, and territorial seas; helping the minority by issuing appropriate solutions to the problems of [words indistinct], increasing the exploration of oil deposits, formalizing contracts to incorporate foreign capital and technology that will strengthen our production; generating and saving on foreign currency; and opening thousands of new jobs for the new generations of Ecuadoran workers. [applause and cheers] If the administrative aspect is a conglomeration of various activities that are guided and marching through many paths and sectors, the political aspect is the work done by a general effort toward reaching a common goal which is the overall improvement of the individual and society.

During the period on which I am now reporting, relations between Congress and the Executive -- which in the previous period had been definitely abnormal -- became normal.

The initial insistence on unconstitutionally maintaining, from parliament, a parallel government, began to yield to an attitude that was much more in line with the letter and spirit of the Constitution.

As soon as my presidential term began, daily charges about alleged authoritarianism on the part of the chief of state and of the government as a whole, were made, a tactic similar to those attempted during the 1984 election campaign. The critics, for unjustifiable distortion purposes, failed to say how some elements in congress as well as some entities were acting maliciously and questioning the constitutional work of the Executive Branch [shouts], while everyday they looked for failures that would not have been my failures, Ecuadoran people, but yours because you elected me as your constitutional president. [shouts]

Unfortunately there is no constitutional rule politically protecting the Executive Branch in the face of, but implicitly political decisions of collegial organizations, and it has not been possible to point out violations of the constitution, violations that are committed collectively but that are still that: violations.

Because of these violations, the president of the Republic found himself forced to defend his authority and legal order in compliance with his precise constitutional duties and to safeguard his own personal dignity. [shouts]

This is why evidence that as of August 1985, congressional leadership gained awareness that it is institutionally necessary to live without violence and continuous provocations, was seen by all the citizens with satisfaction and as positive for democracy and as a resource for facing very delicate moments. [shouts]

Perhaps we cannot say that there has been full harmony or a completely constructive relationship with congress, which is the ambition of any person who truly loves the fatherland, but I must publicly admit that there has been no malicious intentions to destabilize the government, or to obstruct, at any cost, the work of the Executive Branch in favor of the Ecuadoran people. [shouts]

People must realize that the political groups that support the government have never been a majority in the Ecuadoran congress. What happened is that some blocs of legislators adopted a very patriotic and responsible attitude aware of the fact that relative national harmony should win over the intolerance, sectarianism, and radicalism of other opposition sectors. This attitude, undoubtedly, deserves the gratitude of the Ecuadoran people.

Despite the efforts that certain opposition sectors made in Ecuador and abroad -- efforts which are unjustifiable and proof of the excess to which sordid, negative passions can lead men -- to discredit my government by claiming that the holding of elections was overdue, I, unperturbed, decided when to hold elections. Various parliamentary sectors, including several unmistakably aligned with the opposition, fought tenaciously to eliminate legislative elections, and even municipal elections, which by law must be held between presidential elections. The former heads of the Supreme Electoral Tribunal, whose ill-will against the National Reconstruction Front coalition was no secret, failed to clear legal problems standing in the way of the elections. Moreover, they did not take precautions against the problem of expired voter registration cards. The president of the Republic took resolute steps to ensure that the elections would be held. Resorting to an executive decree, the length of validity of voter registration cards was extended. And that is how, prior to boarding the plane that took me to the United States for an official visit, I announced the holding of elections, defeating all efforts challenging this. [chants] My decision was based on my firm beliefs on the need to alternate power. This alternation includes the renewal of congressional and municipal authorities.

In addition, I personally believe that it is not good to have a unicameral parliament. One-party rule and unicameral legislature encumber the executive's handling of relations with the Congress. Periodic changes are not altogether inappropriate. This calls on other institutions to redress their postures with a clear constitutionalist spirit and objective insight obtained from our country's past experiences.

In January I called a plebiscite to allow Ecuadoreans to say whether they wanted independents to have the right to opt for elected offices. I did not do this to rally support for this administration or to boost the position of those parties supporting the government. Those were false accusations launched by the opposition. My motives were clear and honest: Perfect Ecuadoran democracy; break the ridiculous discriminatory and antihuman policies unfortunately sanctioned by the Constitution approved in the 1978 referendum; yield to demands by which the individual, not the political parties, is the depository of political rights, and defend a principle that it took years of republican life to secure and which was abruptly suppressed through dictatorial, manipulative procedures. However, the opposition managed the publicity and propaganda adroitly. It advised the citizens to vote no, voicing their discontent regarding the government, the high cost of living, and against a string of age-old problems that cannot be immediately remedied and against which no other administration has struggled harder than mine. Principles were betrayed, ethics were violated, and the Ecuadoran people became victims by being instructed to vote no to an honestly conceived question, when the legal consequence of the vote in fact sanctioned a long-standing injustice.

This plesbiscite and the cowards who perpetrated it will go down in history as one of the most blatant and harmful manipulations of the Ecuadoran people in the history of our republic [chants]. I am certain that in the short run -- if in fact they have not already done it -- the Ecuadoran people will fully realize the extent of the damage. I am certain they will see that despite the landslide no vote, the government's firm determination to continue serving the people was not shaken. [applause]

However, they fomented the mutilation of their own rights, and the abdication of their political decisions on behalf of partisan groups that claim for themselves the natural right of men to be elected and to freely elect their representatives from the broad spectrum that includes all citizens, and not from a limited selection of party members.

I must admit that in addition to those who voted no because they were strongly convinced that the system of electoral freedom was not advisable for them as it would eliminate the possibilities for partisan manipulation, there were others who accepted the invitation from the opposition to freely express their discontent to the government.

I did not heed the advice of those who in good faith advised me to suspend the referendum when the transposition of concepts and the terrible fundamental falsity that obsessed politicians in the opposition had introduced into the electoral publicity became obvious. I chose to carry the process to the end and, showing a republican and democratic spirit, even face the climate adverse to the government that influenced the negative vote. I am aware of the political consequences of the results of the referendum. However, I am less concerned about that than I am about the very grave historical consequences that will continue harboring injustice, and about the absurdity in Ecuadoran constitutional law which will continue mutilating electoral freedom in our country. This would be going against history's vital course, burying a principle and a right achieved through a decades-long struggle which would later be eliminated by the skillful drafting of the constitution.

But the reestablishment of the right to free elections continues to be a categoric imperative. The government maintains the position that it has an ethical obligation to reach a totally and truly democratic system in which the political rights of Ecuadoreans will be faithfully expressed by the Constitution. I propose this tonight in a specific, emphatic, and unequivocal manner to you Messrs legislators. [shouts]

It is essential that we proceed in this direction because if the curtailment of electoral freedom years ago led to oligarchic regimes devoid of popular ideas and support stemming from small party minorities, the same phenomenon will occur in the future as the result of the evolution of the current regulations. This oppressive extreme must be avoided. It is time to find a lucid way out on the basis of the majority's rights, without subterfuge, murkiness, or snares, and to immediately and realistically address this extremely serious problem. [shouts]

I respect human rights. The meticulous mechanism commonly called disinformation has been set into motion agaisnt the Ecuadoran Government. It consists of manipulating events, of distorting or mutilating objective data, of instilling into the public mind apparent truths that contradict actual truth. Sometimes the goal of misinformation is to obtain the public's support for ideas that patently run counter to the community's interests. Other times it is to make the most decisive developments take on adverse and disparaging nuances, and still on other occasions it is to disrupt the sound objectives or right actions by persons and groups.

At various times and under different circumstances, attempts have been made to disinform with regard to the country's political, economic, and social situation, inside and outside the country. Several mechanisms handled by political transnationals were incorporated into this objective. Certain personalities who are more or less active in Ecuador's politics have clearly played the role of agents of misinformation and agents of political internationals that have no regard for country, homeland, boundaries, peoples, or national communities and only seek universal power regardless of the suffering, contradictions, or conflicts peoples or nations may endure. Through disinformation mechanisms, it has been hinted that respect for human rights is beginning to be neglected in Ecuador. Insinuations in this regard have been made by more than one media, in more than one political speech, or in more than one statement by one or more international spokesman or spokesmen, for which sufficient propaganda mechanisms have been made available.

I must stress what the international community and what the friendly governments know in detail through their diplomatic representatives and the diverse mechanisms that adhere to the truth. The Ecuadoran Government zealously respects and promotes the right of persons, the right to life, the right to personal freedom, the right to a good name, the right to economic initiative, the right to have a livelihood, the right to freely educate children, the right to free expression, and the right to have access to the mechanisms of justice. [shouts]

It cannot be otherwise. The logical ideological inspiration of my government is based on the human being. It serves him and justifies itself on him. It denies the dogmatic and totalitarian assertion that the state or society in abstract must prevail over the right of a person because a person embodies moral values that come before and prevail over the powers man himself has created in the groups and societies. A human being has a purpose that is the product of his own essence, that is the result of his own conscience, and is not the effect of a whimsical concession granted by the administrator of a specific society. [shouts]

The basic right of Ecuadoran men and women exists so that on the basis of their freedom and potential and within respect for the law, they can feasibly achieve their own fulfillment. Nothing that hinders this fundamental right of human beings will be accepted or tolerated by the government. That is the reason for the persistent and all out struggle against those savage and merciless attacks on the right of persons. [shouts]

That is the reason for the persistent and all out manly struggle against those savage and merciless attacks on the right of persons that are aggressively launched by terrorism, drug trafficking, guerrillas, and other phenomena of collective deprivation. [shouts]

For this reason, I am fully aware that the attempts to create misinformation about the Ecuadoran Government and human rights are specifically aimed at curbing the actions of the government which I preside over, particularly the national police's systematic and self-sacrificing work against terrorism and drug trafficking. One or the other would take hold of the society if the government let itself be intimidated by this disinforming and cowardly propaganda. [shouts] If the government showed some weakness in the fight against these scourges of humankind, our country would face the imminent danger of being destroyed as unfortunately occurs to more than one state now. If fear led us to cowardice, the nation can be sure that in a short time it would have fallen under one of the two following tyrannies: That of the organization of vice or that of a master that manipulates the state forces to impose primitive radicalisms.

Let the misinformers, let the drug traffickers, and let the terrorists know [shouts], let the misinformers, let the drug traffickers, and let the terrorists know that the great Ecuadoran society's support for the struggle of the government will make it continue with identical and even greater energy in the fight against the scourges of our century. [shouts] Providence will make the elements of destruction, which are so skillful in carrying out disinformation, become more obviously identified in a society that clearly sees which are the goals of the false prophets. [shouts]

As soon as it was known the price of oil on the world market was dropping and Ecuador's economy would be facing problems, a coup attempt came. It was led by the commander of the Air Force at that time. I hope that investigations on this matter will clear-up the ties that existed between him and civilian politicians then. In any case, it was evident -- and there are testimonies pointing in that direction -- that some sectors that claim to be democratic clearly and cowardly encouraged the subversion. [shouts] As a military venture, the coup attempt had little significance, but it had an erosive impact on domestic policies because it served as a basis for charges that were slanderous, vague, and unprecise but that still harmed the government's image.

The worst effect on the Ecuadoran people was at the international level. The government has implemented a completely serious international relations effort in compliance with commitments. National honor, friendly and open relations with all countries of the world, financial behavior with no inferiority complex inspired by domestic laws but not by petty caudillism, clear and simple principles being honestly applied, congruence among ideas, statements, and action, all this had given shape to a respected national image. [shouts]

That image represented benefits for the country because honesty bears fruit even if that is not the objective. This image suffered from the coup attempt, which created -- although only circumstantially -- mistaken images about infantile dreams, irrational hatred, and blind excitement. And there were, obviously, moments of doubt among investors who had found an oasis of peace in Latin America, in foreign statesmen who had thought of Ecuador as a land that served as a healthy home for people who enjoyed harmonious coexistence, in newsmen used to finding in Ecuador news characteristic of serious countries. All of a sudden they found themselves faced with a tragedy and a comedy not coherent with the dignity the Ecuadoran state had been demonstrating.

Those who conspired, those who inspired, and those who carried out the March events may or may not have estimated the damage that they would be inflicting on their fellow countrymen. Anyhow, they acted without hesitation. Either hatred, frustration, and the desire to destroy was most important for them, or they did not have the moral awareness that places the permanent values of the nation above personal passion and petty political ambitions. Although no importance has been given to those people with a negative spirit, they damaged a national effort that was not the property of the government but the property of all the Ecuadoran people who found in that effort a positive tool for finding resources, assets, and services because they had neat credentials in the international community and had historic encouragement that provide hopes and moral strength. Perhaps posterity and history will be able to provide an exact report on the seriousness of the damage done to the entire country and point to those responsible for it.

Those days were dramatically tense, but not entirely negative. The people's reiteration of their democratic will was tremendously positive. The people spontaneously stated their adherence to constitutionality. And the noble, firm, careful, and efficient position of the Armed Forces was most positive. I, as democratic president on behalf of all Ecuador, pay tribute to the Armed Forces and regret the death of those who fell fulfilling their duty becuase of the unjustifiable coupist adventure.

An amnesty bill has been proposed and comes from a local politician. It is being made following this and other crimes aimed at hurting the undefeated prestige of our Armed Forces. The proposal has been presented as a political initiative. The Armed Forces have stated categorically that amnesty can be granted only in cases of political crimes and if there is a national importance for granting it.

Those who would benefit from this amnesty are guilty of common crimes. The national government fully agrees with the Armed Forces' views because they are based [shouts] on the solid foundations of the Constitution, logic, dignity, and evidence. Amnesty does not and cannot shelter those who misappropriate public funds, slander the institutions that form the backbone of the homeland, or incur insubordination that is detrimental to the discipline and prestige of the armed institution with serious consequences abroad.

I will take the opportunity to clarify another, truly important matter. Amnesty is unacceptable in the case of common crime or crimes against mankind, thus defined by the international community and the Ecuadoran state. It would not be at all difficult, after trying to apply amnesty to common crime, that some would later try to apply amnesty to crimes against mankind. The misrepresentation of legal terms can lead to attributing political motives to those who murder, kidnap, threaten others with genocide, terrorize entire communities, or endanger the lives of children and old people to quench their hatred.

It might happen that those who are guilty of terrorism and drug trafficking could argue a supposed political posture in order to obtain their release and justify their behavior. The government does not allow loopholes in the concepts and practice of Ecuadoran law. If murder, genocide, extortion, kidnapping -- the most brutal crimes -- are involved, it is irrelevant for he who commits such crimes to argue supposedly political intentions. These will always constitute crimes against mankind and attacks against civilization and must be dealt with as such in the severe context of law.

I want to close this part of my speech with a categorical statement: The government will not permit the curtailing of our public forces' operating ability by using illegal mechanisms, such as undue amnesty or presumed pardon. Just as with human rights, the very noble sense of which is frequently laid aside and turned into a politicking move seeking the impunity of vice and extremism, this matter of amnesty cannot lend itself to misrepresentation or political nonsense. [applause and shouts]

The national government has contributed and will continue to contribute, as far as possible, to the fulfillment of the public force's very important duties. The public force has no right to resort to excesses in the use of recourses and instruments that society has put in its hands. At the same time, the public force must use all of the proper means for Ecuadoreans to be able to live in peace and check the progress of crime, both here and abroad. [shouts]

Once the electoral process concluded with an overall result that did not differ substantially from the 1984 congress, I made an appeal for the reunification of all Ecuadoreans for the good of the country and in the context of the struggle against the problem of the oil price drop, as well as for the preservation of the effort toward development. By itself, the initiative was not new. The purpose that I have mentioned has inspired my political activities. I felt, however, that it was necessary to stress because Ecuador faces a historically important crossroads. The country either progresses toward its own goals of good for all in a formidable and mass gesture of solidarity, or gets entangled in a broken course that will only bring grief for our people, whose improvement must be the sole obsession that we cannot refuse.

I hereby reiterate that nobody was asked or is being asked to give up his own convictions. No one has been asked to renounce his rights. It is proposed to everybody here, recognizing the ties of the Ecuadoran citizenship and a common duty toward the country. Let us work with fervor and in earnest for perfecting democracy, respect for the Constitution, and the progressive achievement of genuine development in liberty and justice.

My proposal has received several replies. I am sure that a large majority of citizens did it with patriotism, intuition, and nobility. Outstanding journalists, respectable statesmen, and some political leaders have given it their support. However, there have been other political leaders who interpreted it as a weakness and their replies were rude and harsh. They thought the time was right to start criticizing and to cast doubts on the way some state funds had been handled.

Every government has the duty to honestly handle funds that the taxpayers have contributed with great effort and sacrifice. Neither government officials nor workers should use one single cent for their own benefit. The present regime has a serious commitment because one of the main reasons why my fellow citizens honored me with the presidency of the Republic was my endless struggle in Congress -- and now from the Presidency -- against corruption, with arguments and evidence which were never refuted, with tangible proof that was never denied, in defense of the Ecuadoran people's interests and the community's ethical principles.

Unfortunately, it would be utopic to think that we can eliminate all crime and criminals. Therefore, the ethical principle of a regime cannot be measured by the fact that the hundreds of thousands of state workers are not committing one single irregularity. It can be measured by the fact that once an irregularity is reported, it is brought to the attention of the corresponding authorities, instead of keeping an accomplice silent, once it has been confirmed. However, I will insist on one thing, once the irregularity is confirmed: We cannot tamper with the honor of the people. Although, I feel that a person who steals money is immoral, I also think that a person who takes advantage of his fellow men's good will is more immoral. He should be prosecuted and punished according to the law. This is what I believe and this is how I will act. I think that as president of the Republic it is my duty to stress before you congressmen and to my fellow citizens, that whoever makes bad use of public funds, will be punished with all the weight of the law. Crimes that go unpunished are always subject to criticism, more so if it is a crime against the country's economic development.

The principle of functional division is part of the essence of Western democracy. It means independence and not confrontation. On the contrary, these functions are common in a sovereign government supported by the people, representing a state and seeking the community's welfare. The highest ideal is to have in a republican state an environment of respect and obedience of the law and for the citizens to comply with their specific duties. A state patriotically and efficiently doing its duties is a nation's highest progress.

It is the objective of the Executive Branch to obtain this cooperation under conditions already mentioned. This I sincerely express. Perhaps as never before, the very important task of legislating is very significant to try to remedy the difficult economic situation and not only overcome the most immediate problems the government is facing, but also those created by the world's economic policies. It is fundamental that we set aside partisan interests and face the situation with a pragmatic and realistic attitude and implement the suitable measures established by the constitution. If Congress complies with its indisputable right and duty of overseeing things, I wish it would do it with the utmost respect of the Constitution. Congress does not have the right to criticize because of discrepancies or because a majority has a different ideological view than the government official whose actions are being examined. Criticism cannot be done without full evidence that a government official has violated the law and that his action has affected the community by setting a bad example for society. If we just apply this simple rule of coexistence the situation throughout the country will be more positive and functional.

Legislators, you must be aware of the fact that the people are demanding what is commonly known as detente. The position that the government has deliberately adopted after much thought is not a temperamental or selfish act. It has been inspired by the people. The government has understood the message the people have sent to us; we know that the people are of a conciliatory mind and desire less confrontations and more understanding and cooperation.

After this report was written, the county was violently shaken by the revelation of certain negotiations that were being carried out unknown to the people, regarding national and local policies. I condemn, one and a thousand times, the interception of telephone conversations. I condemn, one and a thousand times, that peoples' privacy was invaded. However, these circumstances are of to importance and cannot hide another circumstance related to the deplorable level to which some citizens are trying to drag the political activity that -- in keeping with the science and art of the well-being of all -- should be the most noble of all human efforts.

It is legitimate, one and a thousand times legitimate, to aspire to the fulfillment of government tasks, as the highest opportunity the fatherland offers for us to serve it, and to serve the people's best causes. However, we must fulfill our difficult and even painful official duties in a clean, gentlemanly manner, by adhering to the rules of the democratic process. We cannot fulfill our duties by using foolish short cuts, or turning decisions that should bear the brilliance of patience and honesty into elements of negotiation, because these decisions should be just.

This date is the most important date on Ecuador's vital calendar. This date made Quito the inextinguishable light of America and should inspire and strengthen us. I am not ignorant of the singular drama of the moment but I am not frightened. Just as with individuals, peoples cannot be measured by their desire for comfort, luxury, or their love of the good life. They are measured and exalted by the thunder of the storm, the demand for sacrifice, the tremendous risk of challenge, the mortal war against all the enemies of the fatherland, their use of every honest means suggested by their bravery and wisdom to achieve victory. These are not the words of Leon Febres Cordero. These are the words and commitments our fellow patriots in Quito stamped on the document signed on 10 August 1809. But I feel them in an extraordinarily strong way because my own ancestors fought, suffered, and shed their blood so that the emancipation effort initiated in this very free city could be fully realized.

I know now that the fatherland's enemies are poverty, malnutrition, lies, and delinquency. I know well that we must achieve a new liberty: We must free ourselves of sickness, illiteracy, and the lack of communication. However, I am even more certain that with God's help, a patriotic cooperation with state duties, and my people, the Ecuadoran people's work, no obstacle whatsoever, no matter how threatening, will be capable of stopping our formidable motivation to achieve integral development and justice, gentlemen legislators.

PENAHERRA: NATION MAY FACE LARGEST DEPRESSION

PA122116 Quito Voz de los Andes in Spanish 1130 GMT 12 Aug 86

[Text] In a report to Andres Vallejo, president of the National Congress, Vice President Blasco Penaherrera has stated that if there is not a worthy and lasting increase of petroleum revenues, the economic situation of the country will require the implementation of severe measures.

Regarding the implementation of the national plan for development between 10 August 1985 and 10 August 1986, Penaherrera said the enforcement of such measures will be impossible and will not have positive effects if the executive power does not have the support or the assent of the public power bodies, particularly the national congress.

Penaherrera warned that Ecuador is not only facing the possibility of the biggest economic depression in its history, but one that may not be merely incidental, but also long lasting.

CENTURION EXPLAINS EXCHANGE RATE INCREASE

PY122152 Asuncion HOY in Spanish 12 Aug 86 p 9

[Text] Pursuant to an agreement reached by our government with the IBRD (International Bank for Reconstruction and Development), there will be a 100-percent increase in the dollar exchange rate for disbursements of IBRD loans covering nearly 10 projects that are already under way. Hence, the exchange rate for local expenditures of these IBRD loans will be 320 guaranies per dollar. However, the Central Bank will disburse only 240 guaranies per dollar, and the Paraguayan Government will have to draw on its reserves to cover the 80-guarani difference.

Industry and Commerce Minister Delfin Ugarte Centurion yesterday made these remarks upon briefing the Economic Coordination Council on the agreement reached with the IBRD to resume loan disbursements that have been suspended since August 1985. The agreement reached with the IBRD will be in force until the end of this year, when the issue will again be studied. Thsi is a major increase over the previous rate of 160 guaranies per dollar.

Upon leaving Government Palace, Ugarte made the following remarks to newsmen accredited to the Presidency: "We have informed the president and the Economic Coordination Council of the agreement we reached with the IBRD that the exchange rate will be 240 guaranies per dollar and that disbursements for local expenditures will be based on the rate of 320 guaranies per dollar. Ths agreement will apply exclusively to those IBRD-financed projects that are now under way." Ugarte added: "This procedure will also be applied to IDB (Inter-American Development Bank)-financed projects that are under way. Thus, you may infer that our monetary exchange rate has not changed; it has remained unchanged, as I said earlier. We have also commented on the great interest expressed by Washington organizations in the economic reactivation project that is being studied by the appropriate government organizations."

Asked about the exchange rate that will be applied to future loans, Ugarte said: "For future loans, they will have to take into account our position. These negotiations were primarily designed to resume disbursements of those discontinued projects. Effective today, officials of these financial organizations will have to impart the appropriate instructions to make these disbursements so as not to jeopardize the timetable of our projects." Ugarte added that the agreement will be implemented immediately. "It has been agreed that they will have to take steps to update all disbursements for the implementation of projects under way in the country. As you know, these projects include roadbuilding, colonization, livestock, projects, etc."

This agreement has provided a temporary solution because the exchange rate has gone from 160 to 320 guaranies per dollar but it has not yet reached the 500 guaranies per dollar rate requested by the IBRD.

PLRA WANTS END TO EXILE, RESTORATION OF FREEDOMS

PY121433 Asuncion HOY in Spanish 10 Aug 86 p 4

[Document released by the Paraguayan Authentic Radical Liberal Party, PLRA, at the conclusion of a political rally held on 9 August in Horqueta, Concepcion Department]

[Text] At the end of the rally in Horqueta, a document was released that requests "that a definite date be set to end the unconditional participation of the Liberal and Radical Liberal Parties in the democratic process."

The document demands "the return of all exiles; the lifting of the state of siege; freedom of the press; the right to free assembly; the depoliticization of the Armed Forces, the police, and the public administration; the end of the compulsive contributions of public servants to the ruling party treasury; the approval of a new electoral law that gives broad guarantees for all political ideologies, and that all Paraguayan liberals refuse to participate in the 1988 elections if the incumbent's reelection is sought." The document was signed by 20 PLRA committees from throughout Paraguay.

NANDUTI OWNER ON ABC COLOR ANNIVERSARY

PY100128 Buenos Aires Domestic Service in Spanish 0200 GMT 9 Aug 86

[Relay from Asuncion Radio Nanduti by owner Humberto Rubin; date not given]

[Excerpt] This is a report for Buenos Aires Radio Nacional from Asuncion Radio Nanduti. Humberto Rubin is speaking.

Problems have marred another anniversary of the newspaper ABC COLOR. I say problems because it has been a rough day -- with telegrams that were not being sent because ANTELCO [National Administration of Telecommunications] refused to transmit them and with floral wreaths undelivered. With a mass at 1000 at the Metropolitan Cathedral, the 19th anniversary of the newspaper ABC COLOR was celebrated. That important independent newspaper was closed down just over 2 years ago.

Radio Nanduti read the headlines of the 16 issues that were published, the others... and as is already known, it has been closed down since 22 March 1984. [sentence as heard]

And I repeat, it has been a rough day, a tense day because politicians and friends who wanted to enter the newspaper's premises were stopped by police. At this time, Radio Nanduti is not suffering any type of interference, thanks I believe to the presence of Robert Gelbard, of the U.S. State Department. Nanduti is now able to prepare and offer its programs in an almost normal manner. There are not transmissions from abroad because I can only receive telephone calls. I cannot make telephone calls. [passage omitted]

FOREIGN MINISTRY EXPLAINS RECALL OF ENVOY TO GDR

PY130353 Paris AFP in Spanish 0307 GMT 13 Aug 86

[Text] Lima, 12 Aug (AFP) -- It was officially reported tonight that the Peruvian Government has recalled its ambassador to the GDR and conveyed to the East German ambassador its strong protest for not having received the explanation it had requested about a cargo of smuggled arms from the GDR apparently intended for Callao, a Peruvian port.

The cargo in question was loaded in Rostock, GDR, on 5 May this year and was claimed to be trucks and spare parts for the trucks. However, when the Danish ship Pia Vesta that was carrying this cargo was intercepted in Balboa, Panama, on 14 June this year, the cargo was found to be 1,500 Kalashnikov rifles made in the Soviet Union, 1,500 RPG bazookas, ammunition, and trucks that could be put to military use.

The Peruvian Government, warned about the true contents of the cargo, alerted its Navy and ordered it to capture the ship. But the ship got only as far as the port of Salaverry, 550 km north of Lima. On 8 June it received orders to take to the high seas and set a course for Balboa.

In Panama, President Eric Delvalle, advised by his Peruvian counterpart Alan Garcia, stopped the Pia Vesta. The Panamanian authorities checked the smuggled cargo and seized the arms.

The Peruvian Government asked the GDR for information on this contraband and on 24 July, sent to the GDR Government a note asking for complete and detailed information on the shipment. The note stated that this operation, conducted by illegal arms traffickers, could affect Peruvian security. Therefore, the Peruvian Government looked forward to the indispensable cooperation and to maintain the cordial relationship between the two governments.

The Foreign Ministry stated that the response, which was received on 11 August, refers to the Pia Vesta's cargo, stating that it has to do with a commercial transaction between a foreign trade company in the GDR and a Swiss enterprise, and that it has been investigated to the extent that the state authorities can find out about commercial relations between enterprises.

In the note delivered to the GDR ambassador, the Peruvian Foreign Ministry states that this response is unacceptable because a GDR state-owned enterprise is involved and because of the irregular status of the documents covering the shipment.

The message, signed by Foreign Minister Alan Wagner, states: the GDR Government has the duty to answer our request and I must express the firm protest of the Peruvian Government because it has not received, despite all requests, the evidence and information that will allow it to find out whether GDR state companies are connected with this case of illegal weapons traffic, endangering Peruvian safety.

The message concludes by saying that it is the wish of the Peruvian Government to preserve the good and friendly relations that have always prevailed between our two countries, but it considers that this friendship demands a satisfactory reply by the GDR.

Meanwhile, a Peruvian Foreign Ministry official communique states that this case has been investigated by the Peruvian diplomatic missions in Panama, Denmark, France, Switzerland, and Uruguay, which made it possible to verify that some of the documents had been forged and that the companies involved do not exist.

This information so far obtained has been passed to the national prosecutor's office in order to punish those responsible for the crime, while the Foreign Ministry continues investigating through diplomatic channels to clear up the case and to find out if those responsible for it can be judged by international law, in order to take the appropriate measures, the communique states.

ECONOMY MINISTER: COUNTRY WILL NOT LEAVE IMF

PY120355 Madrid EFE in Spanish 0004 GMT 12 Aug 86

[Excerpts] Lima, 11 Aug (EFE) -- Even if the IMF declares Peru "ineligible" to receive new loans, Alan Garcia's administration will not leave this international organization "because it is better to be in it than out of it."

This, in sum, is the position outlined by Prime and Economy Minister Luis Alva Castro, in the course of an interview that the weekly CARETAS published today. In this interview Alva Castro also stated that the IMF will receive only $35 million instead of the $180 million it was scheduled to receive. [passage omitted]

Alva Castro said that nevertheless Peru will continue as a member of the IMF "because it is better to work from the inside to make our position understood and make the organization think about it."

Alva insisted that the APRA [American Popular Revolutionary Alliance] is clearly willing to pay. "We are paying, but only as much as the country can afford. Furthermore, we are not even arguing the interest rates, we have accepted the ones that the IMF set for us."

The prime minister went on to say that the label "ineligible" would deprive Peru of new IMF loans, but it would have no effect on other loans that have been arranged with the World Bank and the Inter-American Development Bank for $800 and $600 million respectively.

On the recent agreement between the IMF and Mexico, Alva Castro stated that "it involves an explicit acceptance of a given economic policy" and reiterated that Peru has chosen a path that is "free and independent from any foreign directives."

FURTHER REPORT ON 'CONDOR' DRUG OPERATION

PY120406 Paris AFP in Spanish 2036 GMT 10 Aug 86

[Excerpts] Lima, 10 Aug (AFP) -- During a raid ordered by President Alan Garcia, some 300 military men and two squadrons of A-37 fighter-bombers and helicopters fitted with bombs and rockets destroyed two cocaine processing complexes and their airstrips in the heart of the Amazon, on the Colombian and Brazilian borders. Civic Guard Colonel Juan Zarate, who led the raid, today announced in Iquitos, the capital of the Loreto Department, where the operations base is located, that the "Condor IV" [as received] operation will continue against another 18 airstrips, 5 of which were being reconditioned by drug traffickers.

Col Zarate stated that in this true war against drug trafficking, a war that began successfully on 7 August with the detection of three airstrips -- two of which had to be destroyed by bombs yesterday because of the strong resistance offered by the criminals -- and their respective laboratories. Airborne troops took over the air strips and the laboratories, seizing 350 kg of cocaine base paste, chemicals, crushing equipment and other equipment.

The Air Force units were unable to bomb a third complex of Colombian and Peruvian drug traffickers because it is located near the Indian town of Ticuna, 8 km from Puerto Alegre, where 200 inhabitants mostly children, are settled. [passage omitted]

Col Zarate announced that this new phase of the "Condor" operations, which started shortly after the installation of the new government with the destruction of a dozen airstrips, modern laboratories, and the seizing of sophisticated weapons, will continue with the cooperation of Colombian authorities, until this scourge is eradicated from the region.

Zarate said that so far the operation has been highly successful. Despite a number of risks, the strong opposition of the drug traffickers, and the dangers of an inaccessible and swampy forest, barely 2 days of action sufficed to destroy those drug processing centers.

Thus far 18 clandestine airports have been discovered in the Amazonic trapezium where scarce police surveillance made large-scale drug activities possible. The area is inaccessible, inhospitable, full of animals, and lacking in resources necessary to get or stay there.

Zarate said that some 30 laboratories with their respective crushing pits were also discovered in the area and that out of 180,000 hectares of coca planations in the country, at least 70 percent are in the hands of the drug traffickers.

Given the shattering military attack, the drug traffickers chose to flee, abandoning some 25 indians who were hired as security guards. Large quantities of cocaine, ether bottles, generators, washing machines, drying machines, chemicals, arms and ammunition were seized.

Cocaine Factories, Installations Destroyed

PY121454 Lima Canal 9 Television in Spanish 0310 GMT 12 Aug 86

[Text] With regard to the "Condor IV" operation, the Interior Ministry reports:

1. The police forces have taken over the cocaine factories and installations found at 12 airfields. After the factories were inspected, they were destroyed. A detailed report on this operation is expected.

2. The deputy interior minister has travelled to the police forces base in Caballa Cocha to get a detailed report and make an evaluation of the first phase of the "Condor IV" operation.

3. The police forces, supported by Air Force helicopters, are trying to locate the drug traffickers who have escaped into the jungle.

Lima, 11 August 1986, Interior Ministry.

GENERAL RABANAL FAILS TO APPEAR IN COURT

PY120336 Madrid EFE in Spanish 1642 GMT 9 Aug 86

[Excerpts] Lima, 9 Aug (EFE) -- General Jorge Rabanal, who is being held responsible for the killing on 19 June of 124 Peruvian inmates charged with terrorism, failed to appear in court before the judge that summoned him. [passage omitted]

At this moment there is an ongoing legal dispute to determine whether a civil or a military court will try Gen Rabanal. Nevertheless, while the Supreme Court deliberates which court will hear the case, the general was scheduled to appear before the judge, Supreme Court President Hector Beltran has stated. Gen Rabanal filed a petition with Judge Hernan Saturno stating that at the time of his summons he had to testify before the Supreme Council of Military Justice, which has also indicted him. For his part, Attorney General Cesar Elejalde's personal opinion is that the case involving the general is to be handled by the military courts. [passage omitted]

SHINING PATH KILLS 7 IN TINGO MARIA DISCOTEQUE

PY120400 Paris AFP in Spanish 1728 GMT 9 Aug 86

[Text] Tingo Maria, Peru, 9 Aug (AFP) -- Seven people were executed at a discoteque by alleged members of Shining Path and their remains thrown into the Huallaga River and a drain in the Aucayacu jungle area, located at 650 km east of Lima, according to the Peruvian police. According to the same source the killings, which took place on 6 and 7 August, were carried out by Maoist Shining Path hit squads. They took place in the heart of the virgin jungle area where the guerrilla organization has stepped up its activities after a short truce. The source noted that the people who were executed were four homosexuals, two drug addicts, and a prostitute.

On 6 August two drug addicts known as Sicar and Travolta were machine-gunned, and the next night four homosexuals and a prostitute were also killed. The remains of the two victims were placed in a mailbox and with a sign which read: This is how drug addicts and drug traffickers, who damage the minds of youths, die. The bodies of the other victims, whose identities were not disclosed, were thrown into the Huallaga River.

Police and Army troops, who have noted that the number of victims may be higher, have undertaken an operation to find the subversives, who are constantly perpetrating crimes in the region because of a lack of proper police protection, according to a settler in the region.

BRIEFS

IRAQI, NEPALESE AMBASSADORS -- In separate ceremonies in the Golden Hall of Government Palace, Iraqi Ambassador to Peru Abdul Sattar Abdul Jabbab Mohamed Aldauri and Nepalese Ambassador to Peru Jai Pratap Rana on 21 July presented their credentials to President Alan Garcia Perez. [Excerpt] [Lima EL COMERCIO in Spanish 22 Jul 86 p A4 PY]

APPOINTED AMBASSADOR DIES -- Manuel Checa Solari, who was the Peruvian ambassador to Portugal, died in Lima on 2 August shortly before leaving for Lisbon to assume his post. [Excerpt] [Lima EXPRESO in Spanish 3 Aug 86 p 10 PY]

DE LA MADRID LEAVES FOR WASHINGTON VISIT

PA130028 Mexico City Red Nacional 13 Imevision Telvision in Spanish 1935 GMT 12 Aug 86

[Text] President Miguel de la Madrid left for Washington this morning for a 3-day official visit during which he will meet with President Reagan. De la Madrid arrived at the presidential hangar at 0915 local time. Military and civilian bands played the national anthem, and the president was given a 21-gun salute. Later, he boarded the Boeing 727 aircraft of the Mexican Air Force that will fly him to Washington. The presidential retinue is formed by Senate leader Antonio Riva Palacios, secretaries for foreign relations, finance, and commerce, Bernardo Sepulveda, Gustavo Petricioli, and Hector Hernandez, respectively, and Attorney General Sergio Garcia Ramirez.

President De La Madrid is scheduled to land at Andrews Air Force Base at 1530. He will be flown by helicopter to the Abraham Lincoln and George Washington monuments. where he will pay homage. At 1800 he will arrive at the Navy pier, where he will board a yacht owned by the operations chief. Aboard the yacht, U.S. Secretary of State George Shultz will give a dinner for President De la Madrid.

Delegation Accompanies President

FL121616 Mexico City NOTIMEX in Spanish 0603 GMT 12 Aug 86

[Text] Mexico, 11 Aug, (NOTIMEX) -- As in previous international trips, an official committee will accompany President Miguel de la Madrid on his trip to Washington. The delegation will include Senator Antonio Riva Palacio, president of the Senate Grand Commission; Bernardo Sepulveda Amor, foreign secretary; Hector Hernandez Cervantes, commerce and industrial development secretary; Sergio Garcia Ramirez, attorney general; Emilio Gamboa Patron, presidential secretary; Division General Dem Carlos A Bermudez [as received], presidential chief of staff; and Manuel Alonso Munoz, general director of social communications.

An official bulletin issued by the Mexican Presidency indicated that Jorge Espinoza de los Reyes, Mexican ambassador to the United States, will join the delegation in Washington.

BRIEFS

COCAINE SEIZED -- In Ciudad Obregon, Sonora State, the federal police confiscated 500 kg of pure cocaine worth 33.6 billion pesos. Eight people have been detained in connection with this drug seizure. [Summary] [Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 12 Aug 86 PA]

DEFENSE FORCES DISPLAY SEIZED MATERIEL IN PARADE

PA122050 [Editorial Report] Panama City Domestic Service in Spanish at 1607 GMT on 12 August broadcasts a live relay of a military parade through Central Avenue in front of a reviewing stand on Cinco de Mayo Plaza in Panama City "to reaffirm national sovereignty."

The parade begins with the mechanized contingent's "V-150 and V-300 armored personnel carriers." He adds that Panamanian women dressed in the pollera, the typical Panamanian costume, are sitting on top of the APC's. The announcer says that while the 22 APC's are passing, "helicopters of the glorious Panamanian Air Force are flying overhead."

At 1626 GMT the announcer says that the various units of the Battalion 2000 are passing, including the Alpha Company, the Pumas 2d Airborne Company, the Furia Air Assault Company, the Aquarius Women's Platoon, the Loyola Support Company, the Tigres 1st Company, and the motorized contingent. The announcer reports the appearance of jeeps of the Battalion 2000 and 2-and-1/2 ton trucks carrying 120-mm and 81-mm mortars, "which are part of the materiel of the Battalion 2000, spearhead in the defense of the Panama Canal."

At 1643 GMT the announcer says that the helicopter squadron and airplanes of the Panamanian Air Force are again flying overhead.

The announcer says that the Urraca 4th Infantry Company, which guards the High Command and staff of the Defense Forces, is passing. At 1650 GMT, the announcer says: "your attention please: Something very important is approaching. Ladies and gentlemen here in the Cinco de Mayo Plaza area, Soviet-made trucks are being exhibited for the Panamanian people to see. They are part of the military materiel found in the Danish ship Pia Vesta that was seized by the National Navy when it was transiting our territorial waters with war materiel. This is part of the military materiel. These are Soviet-made trucks. They are being paraded along with the 4th Company -- the Urraca Company. Navy units are marching along with the Urraca Company soldiers. This is symbolic: These Navy men -- the guardians of our territorial waters -- carried out the operation which seized the Danish vessel."

At 1654 GMT, the announcer describes other Defense Forces' contingents that are parading, including those of the General Command of the Defense and Security Commission, the various police components, military schools, military training centers, women's corps, communications department, amphibian command, representatives from all of the country's military zones, Transportation and Maintenance Battalion, the Cavalry Squadron on horseback, and the Military Engineers Battalion. The announcer says that the engineer battalion's road construction equipment is also passing.

The parade ends at 1750 GMT with vehicles of the Traffic and Land Transportation Directorate. The live relay ends at 1751 GMT.

EDITORIAL: U.S. CANAL ARGUMENTS LOSING GROUND

PA120418 Panama City EXTRA in Spanish 11 Aug 86 p 1

[Editorial: "The Balloon Deflated"]

[Text] In the wake of sensational publications by the White House, State Department, Department of Defense, CIA, and DEA charging that General Manuel Antonio Noriega and his close friends are involved in, among other things, drug trafficking, money laundering, carrying out double espionage, selling arms, helping guerrillas, and assisting in the assassination of Dr Hugo Spadafora, certain groups have begun a campaign over Panamanian radio, press, and television. The campaign is hoped to convince the people that such publications stemmed from a well-orchestrated propaganda launched by Washington to prevent the return of the Canal to the Panamanians in the year 2000. This attempt had a false nationalistic mechanism and tried to locally minimize the impact of the charges presented by U.S. officials in publications abroad.

Senator Jesse Helms, president of the Senate Commission for Latin American Affairs [title as published], pointed out that he will oppose the transfer of the inter-oceanic Canal to a government dominated by a Mafia of drug traffickers.

First of all, there is no Panamanian, we repeat, no Panamanian who opposes the transfer of the Canal to the Republic of Panama in the year 2000. Several generations of Panamanians and many illustrious Panamanians have struggled to achieve that objective.

Second, to unmask the campaign unleashed by regime officials, the U.S. Government itself deflated their balloon. Last week President Ronald Reagan himself firmly and categorically said that the U.S. Government would transfer the Canal to the Republic of Panama on 1 January 2000 in keeping with commitments acquired with Panama. Meanwhile, Secretary of State George Shultz made a similar statement in Bogota.

The balloon was deflated -- what will they come up with now?

EL SALVADOR

INTERVIEW WITH FDR'S UNGO ON TALKS WITH GOVERNMENT

PA122250 San Salvador Radio Cadena Sonora in Spanish 1700 GMT 12 Aug 86

[Telephone interview with FDR President Guillermo Manuel Ungo in Panama by unidentified reporter -- live]

[Text] [Reporter] Good morning, Doctor. Cadena Sonora's microphones are at your disposal.

[Ungo] Good morning, [words indistinct]. I am pleased to address the Salvadorans by way of your broadcast. I am willing to answer any questions you may ask.

[Reporter] What are your views of the turn the third dialogue, or rather the preliminary talks in Mexico, is taking? The political parties here have different views. Some of them no longer believe in the dialogue, and others have different ideas and are suggesting methods for the realization of the meeting in Mexico. What do you think of the suggestions by various political parties, since they do not all agree?

[Ungo] There is the possibility of a preparatory meeting prior to the dialogue that is to be continued in El Salvador, and this preparatory meeting may take place in Mexican territory. There are strong indications that the Salvadoran Government is willing to continue the dialogue it interrupted for more than 20 months, more than 1 and 1/2 years. Only ultraright-wing parties such as ARENA [Nationalist Republican Alliance] have consistently rejected a dialogue as a way to resolve the country's basic need, which is the achievement of peace. In general terms, the rest of the political parties have been in favor of the dialogue and have even demanded a certain degree of participation, at least to be present during the development of the dialogue. I am referring to right-wing and center right-wing parties. Most of all, however, I would say that it is civilian society, Salvadoran society in general, through its labor, social, (?municipal), cultural, and religious organizations, that has insisted and has increasingly expressed itself in favor of the resumption of the dialogue, and it has also participated in the dialogue.

To [word indistinct] things at this time, I feel that in principle we have arrived at an agreement about holding a meeting in Mexican territory. The FDR proposed a concrete date to avoid treading on ambiguous ground regarding the terms established by Engineer Duarte, who proposed a date between 19 and 26 August. We have publicly proposed that the preparatory meeting begin on Wednesday, 20 August. Although it is assumed that the government agrees with this, the proposal has not yet been officially answered by the government through the mediators. Our proposal was made on 7 August, and to date we have not received a formal, favorable answer from the Salvadoran Government. We hope the answer will be favorable, because it will be difficult for the government to renege on its own words, promises, and offers. The government proposed the preparatory meeting in Mexico, which coincided with the position our fronts had expressed to the archbishop at the meeting in Perquin. Therefore, the two sides concur on this point, which allows us to foresee an agreement. I repeat, the government seems to make these proposals in the hope that we will reject them, and when we accept them it becomes befuddled and seeks ways to evade its own proposals.

Despite this, however, we feel that the preliminary meeting will be a positive step, but we will have to discuss the terms on which a meeting should take place in order for it to be a serious, fruitful dialogue, not a dialogue that will turn into a game of false appearances.

[Reporter] Suppose the government says yes, Dr Ungo, and the preliminary talks in Mexico take place. Who will represent you in Mexico?

[Ungo] We have not yet officially and publicly designated the people who will represent us. You must not forget that these preparatory meetings are private. This does not mean that they must take place behind the people's backs, but that once the agreement is made the people will be informed. The preliminary meetings will be to prepare the third meeting, so they will not involve substantial issues related to the problems, causes, and points that would lead to a political solution.

I believe our delegation will be of a level high enough to discuss procedural issues. The government has not yet announced the members of its delegation. It is clear that for the third meeting in El Salvador our delegation will be of the highest level in regard to the two fronts; that is, it will be formed by the commanders of the General Command, Commanders Leonel Gonzalez and Joaquin Villalobos, and the president and vice president of the FDR, who are yours truly and Companero Ruben Zamora. Duarte himself has said that he will be present, although he has not said who will accompany him.

Regarding the preparatory meeting, we are still awaiting a positive answer from the government before officially forming our delegation. But, I repeat, it will be formed by people known to all Salvadorans.

[Reporter] Doctor, if the preliminary meeting in Mexico succeeds, would you be willing to meet in San Miguel or San Francisco Gotera as the government would like?

[Ungo] We have been forced to discuss publicly some issues such as confirming that there may be an agreement regarding the preparatory meeting in Mexico. We feel that the mechanics that should be followed -- and we have fulfilled this during the time since the dialogue began in La Palma -- is that these issues should be discussed privately with the mediator, and once an agreement is reached it should be announced to the people, because if we do not do it this way it will seem as if we want to make the dialogue another instrument of guerrilla politics, an instrument of propaganda. This is what the government has done. For more than 2 years it has been talking about a dialogue that has not taken place. This is why we do not feel that it would be advantageous to inform the public of these issues until they have been finally decided. Once decided, we can clearly establish our position and the government's.

We published a communique in response to the propagandist and manipulatory campaign carried out by the presidential spokesman because we felt obliged to inform the people of the situation. In the communique we said that we made our own proposal, and we made important objections to Engineer Duarte's proposal, which at that time referred only to San Miguel and San Francisco Gotera and did not include Berlin. We objected for security reasons. We cannot be naive when not only our delegation's security but the security and feasibility of the dialogue are at stake; that is, the search for a political solution is at stake. It is very clear that in those areas the military commanders have not respected the agreements that the Salvadoran Government has made on various occasions.

Recently, when the archbishop visited Morazan, it was very clear that there was military (?action), although the archbishop had requested that the High Command refrain from military activity.

During the Christmas truce it was also evident that the commanders in the eastern part of the country not only did not comply with the truce, but publicly rejected the agreement. The commitments [words indistinct] the commander in chief of the Armed Forces, Engineer Duarte. There was military action and a lack of respect for the Christmas truce. When the trading of prisoners and wounded troops took place there were military actions in several areas, especially in the zones in question, which endangered the adequate fulfillment of the operation. Therefore, we cannot trust a president who everyone, not only in the country but abroad, knows is subordinated and limited. The president may have good intentions, because he is not the leading factor of power.

[Reporter] In one word, he does not have absolute power?

[Ungo] Exactly. He has very limited power, very little space, as he himself has said when he [words indistinct] postponed or rejected the possibility of resuming the dialogue. Therefore, we must look at the situation with a constructive spirit. At the meeting we will measure the government delegation's willingness to hold the dialogue within the country in accordance with the speech Engineer Duarte made on 1 June, and which has already been denied by the [words indistinct] because he said the dialogue could take place between the end of July and the beginning of August, but he never established a date.

[Reporter] Dr Ungo, precisely because of these disagreements and contradictions, those who phone this radio station sound discouraged. Every time I speak to you or Dr Zamora, I keep repeating the same questions posed by listeners from all social sectors. These people say they no longer believe in dialogue because of the many contradictions. Now, Doctor, it is no secret to anyone that it is the United States that manipulates the Central American policy. I think -- a listener, a professional told me this -- that if you, the people who represent the rebels, do not get in touch with the Americans, this is going to fail, because if the Americans do not want this to succeed, it will not, unless you consult the Americans. What can you tell us about this?

[Ungo] Well, this is a relative, not an absolute, truth. We really mistrust the government's posture and offers, yet we cannot reject them because of this. We must make all possible efforts to resume the dialogue. This is why we have proposed a meeting in Perquin. Now we expect to agree with the government on this preliminary meeting to discuss pratical aspects that sometimes prove to be an obstacle to the dialogue. We would discuss them in Mexico with an open, flexible, and constructive spirit, yet also free from any naivete. Regarding this, I feel the best way to give dialogue a better chance is the presence of and participation through the news media of the various social sectors, particularly those that are organized, such as those in institutions and professional, trade union, peasant, religious, and cultural associations, etc. The participation that they have been demanding was agreed upon in a joint communique issued at La Palma, when we said that it was the responsibility of the two sides to seek the mechanisms, methods, and ways for the various social sectors to participate in the search for a political solution. We feel that this would be the best contribution for the dialogue to be serious and consistent and not become a tactic by the parties.

Now, regarding the United States, as you would surely remember, since the beginning, in 1981, I said something in this regard. I said it was necessary to talk to the owners of the circus. We still feel that way. Unfortunately, the strategy of the U.S. Administration headed by Reagan opposes dialogue.

[Reporter] You people have not yet talked to the circus owners.

[Ungo] Not yet, because they do not want to. They seek all possible ways to increase tension in the region, and they know perfectly well that dialogue would cause detente. This is why they reject dialogue, although they speak in favor of it. This is why we have seen the dialogue with Nicaragua interrupted at Manzanillo and their permanent sabotage through their special envoys, such as Stone, Shlaudeman, and Habib, in the area, precisely to sabotage the Contadora dialogue. They are not really interested in dialogue in El Salvador, but in a military solution.

We must keep insisting on looking for ways to talk, as that professional said, with the U.S. Government. We continue to be open to talks. Once in a while we have been able to talk to some leaders in some countries. But it is not their policy to find out exactly what we think and which common points we have and where we disagree. Now we can only speculate, a very ideological speculation, and in disagreement with reality. There is still another way to talk with the Reagan government: through the Salvadoran social sectors. This is to say, the people are more and more aware that it is the main factor of power in our national life, an external factor that unfortunately has intervened in the country. This could generate a feeling of powerlessness, but also a greater awareness so that this foreign power understands that local power, social factors, and the society at large want a national solution of their own. This is the only thing that could change the U.S. policy.

Let us keep in mind that this is what happened in the Philippines and Haiti. Americans gladly dealt with dictators Marcos and Duvalier, had much business with them, supported them, and felt this was a great way to defend their interests -- security, national, and hegemonic. Nevertheless, when the Haitian and Philippine peoples stood up, the U.S. Government headed by Reagan understood that it could not swim against the tide. It had to accept this reality and try not to be affected negatively by such a new reality. It had to adjust to this new reality and even try to influence this new reality. This is why we can make Reagan see that, to the extent that his policy is completely unpopular in all social, economic, and political sectors, the U.S. Administration will defeat its own objectives and will have to adjust to a new policy.

[Reporter] Finally, Doctor, did you meet with President Duarte during his visit to Colombia?

[Ungo] No, I did not attend Prsident Virgilio Barco's inauguration, so I was not in Bogota and, consequently, did not meet with Duarte.

[Reporter] Do you contact him by telephone?

[Ungo] No. He speaks much about dialogue but keeps avoiding it.

[Reporter] Thank you, Dr Ungo, for this interview for Cadena Sonora.

[Ungo] Roberto, I thank you and this radio station for this opportunity to address the Salvadoran people, because the Duarte government does not offer too many opportunities for such a dialogue and necessary and basic political contact, one of the fundamental liberties of the Salvadoran people. This opportunity has helped us clarify our position and address the positive and negative sides of the resumption of dialogue.

GUATEMALA

CEREZO TO ADDRESS UN, TOUR EUROPE FOR 27 DAYS

PA120447 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 11 Aug 86

[Text] President Vinicio Cerezo will travel to New York on 27 September, where 1 day later he will address the UN General Assembly to explain Guatemala's democratic process and the consequences Central America faces if there is war in the area. He will also explain Guatemala's neutrality policy toward the Central American governments.

On 30 September Cerezo will begin an extensive 27-day tour of Europe. He will visit Italy, Spain, Belgium, Germany, France, and Switzerland and will try to obtain financing from the governments of these countries for development projects. He will also seek economic cooperation and improved relations with those countries. The names of the delegates who will accompany the president have not been disclosed, but it is expected that during the course of the month this information will be revealed.

HONDURAS

ARMED FORCES ISSUE COMMUNIQUE ON ZELAYA INCIDENT

PA122321 Tegucigalpa Voz de Honduras Network in Spanish 2215 GMT 12 Aug 86

[Communique No 37 issued by General Humberto Regalado, commander of the Honduran Armed Forces through the Directorate of Public Relations, in Tegucigalpa, dated 12 August]

[Text] The commander of the Armed Forces, via the Public Relations Directorate, reports to the general public that the following measures have been taken in relation to events that took place on Friday, 8 August, at the residence of honorable Alternate Deputy Rodolfo Zelaya:

1. Establishment of a special commission of high-ranking officers of the Armed Forces with full authority to investigate the incidents to determine whether the officers allegedly involved in them are indeed guilty.

2. Temporary suspension of Colonels Wilfredo Sanchez Valladares and Roberto Nunez Montes from their positions while the special commission prepares its report on the incidents that brought about this investigation.

3. Via the corresponding channels, requesting that the sovereign National Congress allow Alternate Deputy Rodolfo Zelaya to provide the special commission with specific information to help it clarify these incidents.

4. Reiteration to the Honduran people that the Honduran Armed Forces respects the laws and guarantees specified in the country's Constitution.

Tegucigalpa, Central District, 12 August 1986 Public Relations Directorate, Honduran Armed Forces.

NICARAGUANS ACCUSED OF 'MANIPULATING' OPINION

PA120444 Paris AFP in Spanish 2239 GMT 11 Aug 86

[Text] Tegucigalpa, 11 Aug (AFP) -- The Honduran Armed Forces today asserted that several "terrorists who are paid by communists" are working as journalists in this country. The Honduran Foreign Secretariat has said that the Nicaraguan Embassy in Tegucigalpa "manipulates" Honduran opinion sectors.

In a publication called MILITARY PROJECTIONS, the Armed Forces' Public Relations Directorate -- without citing evidence or names -- has said that some "terrorist" journalists are graduates of the Honduran Autonomous University and are "trained by the communist cadres established by leftists."

The publication continues: "We must add to this the multiplying effect that results from the commercial fodder that certain communists and leftist leaders offer to the journalists who are not ideologically theirs" but whom they buy.

The publication asserts: Thousands of guerrillas specialized in subversion, including "terrorist journalists who have succeeded in attaining leading posts in the country's most important news media," are graduates of the Patriceo Lumumba Soviet university.

To this accusation, another by the Foreign Secretariat was added today, saying that the Nicaraguan Embassy "manipulates Honduran public opinion sectors" to improve its country's standing in the issue against Honduras presented at The Hague. Honduras is being accused of permitting the operations of anti-Sandinist counterrevolutionaries.

According to a communique disseminated today, the accusation is based on "reliable information" received by the Foreign Secretariat that "a diplomatic mission with direct interest in the matter" is currently promoting Hondurans taking a position favorable to the demand.

The Foreign Secretariat added that the "manipulations take place in the shelter of the unrestricted freedom of the press that the Honduran Government guarantees." The communique also asserted that "agents of the interested mission have been manipulating Honduran public opinion against the approval of the maritime delimitation treaty signed with Colombia last week. [quotation marks as received]

Through this treaty, Colombia ratifies its sovereignty over the San Andres and Providencia Islands, claimed by the Sandinist government since 1979.

Several deputies, politicians, and labor leaders have opposed the treaty, claiming it violates the Constitution because it cedes to Colombia three-fourths of Serranilla Cay, historically claimed by Honduras. The Congress has not yet ratified the treaty.

NICARAGUA

D'ESCOTO CALLS U.S. 'BANDIT' ON ICJ RULING

PA120337 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 11 Aug 86

[Text] Foreign Minister Father Miguel D'Escoto Brockman today described the United States as a bandit for not abiding by the ruling fo the International Court of Justice, which called for an end to U.S. aid to mercenary groups attacking Nicaragua.

Father D'Escoto told a national newscast that the international community must insist that the United States respect and fulfill its international commitments.

He also said that the Contadora Group continues to carry out the most noble effort in Latin America in the name of the principle of nonintervention. D'Escoto said in conclusion that the United States is pressuring Central American countries not to sign the peace document presented by that group.

PSD CRITICIZES ORTEGA'S 'CHICAGO PROPOSAL'

PA120413 Hamburg DPA in Spanish 2227 GMT 11 Aug 86

[Text] Managua, 11 Aug (DPA) -- The opposition Social Democratic Party (PSD) today issued a statement criticizing the "Chicago Proposal" made by President Daniel Ortega, saying that it is not enough to achieve a political solution to the "serious crisis that is burdening" Nicaragua.

The PSD said that the "Chicago Proposal," proposes talks with the U.S. Government, which is supporting the anti-Sandinist forces who are trying to topple the Sandinist regime in Managua, and because of this the internal forces in Nicaragua do not agree with the proposal.

The statement adds that the Sandinist proposal, which was presented to the White House a few days ago by the Nicaraguan ambassador in Washington, "deliberately omits a national dialogue, which has so often been demanded by the Nicaraguans," making the Sandinist initiative somewhat "sterile and demagogic."

The statement, said that a "national dialogue," which "would achieve Nicaragua's internal democratization, would automatically lead to peace and reconciliation among the Central American peoples and governments. [quotation marks as received]

PLI CONGRESS MEETS, REELECTS GODOY PRESIDENT

PA122259 Managua Radio Sandino in Spanish 1930 GMT 11 Aug 86

[Excerpts] Virgilio Godoy has been reelected president of the Independent Liberal Party [PLI]. However, the party congress did not approve the idea of a maximum leader.

This statement was made to this radio station by Eduardo Coronado, a candidate for the presidency of the PLI. Coronado, a candidate who opposed Godoy, said that during yesterday's meeting very serious decision were made regarding the party's strategy, and the national leaders were chosen. However, Coronado said that some of the main issues, like the one regarding the constitutional debates, were not discussed. This means that the party's position expressed in October 1985, which calls for the party to refrain from attending the debates, remains valid. The PLI has stated that it will refrain from attending the debate so long as the state of emergency is not abolished. [passage omitted]

[Begin recording] [Coronado] The elections were held democratically. Candidates were presented, and the vote of the majority decides the winner. Yesterday's election was very important. We chose our authorities. I was the candidate running against Godoy, but his ticket was the winner. We must respect the decision of the majority, because we are a democratic party, and continue in the struggle to democratize Nicaragua and in the search for peace and ways to unite the Nicaraguan people. [passage omitted]

[Reporter] Now that the situation has changed, now that the United States had declared war on Nicaragua -- through the U.S. Congress' approval of the $100 million in aid to the contras -- will you change your position and admit that the state of emergency is necessary?

[Coronado] I believe we should attend the debates, but this attendence should be conditioned to some minimum requirements. Perhaps this attendance could help create some laws that will soften restraining measures and allow the political parties to develop more suitably. Currently the political parties are being restrained by a strait jacket because of the approval of the $100 million, which means an increase in the actions of the counterrevolution. It is quite normal that measures should be adopted to counteract this action, but these should not be restraining measures, especially for political parties. [passage omitted] [end recording]

CASTRO RECEIVES AWARDS FROM USSR, MONGOLIA

FL121445 Havana Radio Reloj Network in Spanish 1402 GMT 12 Aug 86

[Text] President Fidel Castro, first secretary of the Communist Party of Cuba, has been decorated with the Lenin Order as decreed by the Presidium of the USSR Council of Ministers.

The award was presented to Castro in response to his merits in promoting and developing multilateral friendship and cooperation between the peoples of Cuba and the USSR and the great support he provides to the consolidation of peace and socialism, says the document. The achievements of the Cuban revolution and its international prestige are linked to his tireless struggle heading the party and state of that caribbean island, stresses the resolution issued by the USSR Supreme Soviet, which underscores Castro's merits.

Castro, president of the Council of Ministers, was also decorated with the Sukhe Bator Order according to a decree issued by the presidium of the people's great Hural of Mongolia.

CPSU, DPRK Leaders Laud Castro

PA122030 Havana International Service in Spanish 1800 GMT 12 Aug 86

[Text] President Fidel Castro has been awarded the highest decorations from the Governments of the Soviet Union and Mongolia, the Order of Lenin and the Sukhe Bator, respectively.

He has been distinguished with these awards for his work in support of peace and socialism and on the occasion of his 60th birthday.

The Supreme Soviet Presidium, the CPSU Central Committee, and the USSR Council of Ministers have sent a congratulatory message to the Cuban chief of state on the occasion of his birthday. The message emphasizes his contributions to the struggle to end the arms race and against imperialist oppression and exploitation.

The leader of the DPRK, Kim Il-song, also sent a congratulatory message to Fidel Castro for the same reason. In his message, the Korean leader notes the efforts the Cuban president has made for the international communist movement and the countries of the Nonaligned Movement.

CROMBET MEETS WITH GDR POLITBURO MEMBER

FL121400 Havana Radio Progreso Network in Spanish 1100 GMT 12 Aug 86

[Text] In Berlin, Guenter Mittag, member of the Socialist Unity Party of Germany (SED) Politburo and Secretariat, has held a friendly meeting with a Communist Party of Cuba delegation headed by Jaime Crombet.

Mittag explained the agreements reached at the 11th SED Congress to Crombet, member of the Communist Party of Cuba Central Committee and Secretariat. Above all, Mittag discussed economic and social policies as well as affairs related to scientific-technical cooperation with Cuba.

MALMIERCA BESTOWS MEDAL ON CSSR AMBASSADOR

FL120230 Havana Radio Reloj Network in Spanish 0202 GMT 12 Aug 86

[Text] Fulfilling an agreement of the Council of State, Isidoro Malmierca, Central Committee member and foreign minister, has bestowed the Friendship Medal on CSSR ambassador to Cuba Milos Vojta. Malmierca underscored that that medal is conferred on those who individually or collectively do outstanding work in strengthening mutual cooperation and helping develop ties between peoples. He added that Milos Vojta is a great example of those characteristics, and with his effort he has been an exemplar participant of the development of the Cuban-CSSR relations.

Upon receiving the Friendship Medal, the CSSR ambassador in Cuba thanked Malmierca for cooperating with him during his mission.

COLOMBIA REPORTEDLY CONSIDERS RESTORING RELATIONS

FL122218 Havana Radio Reloj Network in Spanish 1802 GMT 12 Aug 8

[Text] The new Colombian Government is considering reestablishing diplomat relations with Cuba. The Bogota newspaper EL ESPECTADOR indicated that the decision is expected in a relatively short period of time.

CUBA TO ATTEND PAN-AMERICAN GAMES IN INDIANAPOLIS

PA130254 Havana International Service in Spanish 2300 GMT 12 Aug 86

[Text] Cuba will ask to be the site of the Pan-American games in 1991 and will send a delegation to the games to be held in 1987 in Indianapolis. This was reported here by Conrado Martinez Corona, president of the National Institute of Sports.

Cuba's decision to host the games in 1991 and to attend the 1987 games is in keeping with the proposals put forth by ODEPA, the Pan-American Sports Organization, in a message to Manuel Gonzalez Guerra, president of the Cuban Olympic Committee.

The document asserts that when granting the site of the 1987 games to the United States, ODEPA never intended to offend Cuba's sports entities or its athletes and officials. It behooved Chile to organize these continental games, but it declined to host them, as did Ecuador, which was the alternate.

The president of OPEDA, Mexican (Mario Vasquez Rana), had promised that they would be ceded to Cuba but, in a surprise move, the 1987 Pan-American Games were assigned to the United States in November 1984.

In its message to Gonzalez Guerra, ODEPA asserts that it would be pleased to see Cuba host the games in 1991 and attend the 1987 games. The Cuban sports system has responded in the affirmative to these requests.

COMMENTARY: GATT MEETING FAILURE 'SEEMS CERTAIN'

PA120328 Havana International Service in Spanish 0000 GMT 10 Aug 86

["Viewpoint" commentary, read by Angel Hernandez]

[Text] Ever since the capitalist system rose from the ashes of feudal aristocracy, commerical contradictions have underpinned relations among the so-called free enterprise countries. The development of the system and its change into imperialism, far from lessening commerical conflicts, has deepened and expanded them. If, initially, contradictions among capitalists were seen only in several products, at present, and practically in all areas, bargaining, tariff give and take, and disputes over markets, state subsidies, and hundreds of schemes and ruses prevail. However, the interrelationship of the economy in today's world is such that the exchange of blows among the imperialistic potentates has negative repercussions on the underdeveloped nations, which, in addition, are the victims of the transnational companies' shameless search for profits.

Protectionism, high tariffs, reduction of import quotas in the large capitalist markets, the low prices for the raw materials the Third World exports, interest rates, and the foreign debt constitute fundamental factors in the increase of poverty and growing deterioration of the crisis in poor countries. These topics are once again news on the occasion of the meeting which GATT members will hold in Uruguay in September. According to forecasts by distinguished experts, this meeting will be more than a new round of clashes among the United States, Western Europe, and Japan, because if the meeting fails it will cause an international trade war.

According to Uruguayan Foreign Minister Enrique Iglesias, the meeting's major problem will be agricultural production and its exchange. In addition to the regions already mentioned, great producers from other continents are involved. The major aspects of this topic will involve protectionism and agricultural subsidies, practices which have become the norm in the United States and Western Europe. For example, sugar, wheat, and rice are the object of these practices, which greatly affect the Third World.

The failure of the meeting seems certain, if we consider that amid new threats by Washington and the so-called EEC to mutually harm each other regarding a high number of agricultural products, Argentine Ambassador to the GATT (Leopoldo Setamanti) accused the major powers of having caused the failure of the preparatory committee meeting held on Thursday in Geneva. No truly important document was approved then. Before the GATT meeting, there will be a meeting at the ministerial level among the agricultural producers of the Southern Hemisphere to draft a joint stance vis-a-vis the EEC and the United States. (Leopoldo Setamanti) could not have been clearer when he told a French news agency a few days ago that if the GATT does not reach any agreement during the Uruguay conference in September, it would have signed its death sentence.

MERCHANT MARINE FLEET ADDS TWO VESSELS

FL120157 Havana Radio Rebelde Network in Spanish 2300 GMT 11 Aug 86

[Text] The Cuban maritime fleet has increased its dead weight cargo capacity with the addition of the Bahia de la Habana and West Island vessels in the last few days, the Transportation Ministry has reported.

HAITI

NAMPHY INSTALLS NEW GOVERNMENT ORGANIZATION

PA122026 Paris AFP in Spanish 1323 GMT 12 Aug 86

[Text] Port-au-Prince, 12 Aug (AFP) -- General Henri Namphy, president of the National Government Council (CNG), today invested the members of the Commissariat for National Development of Public Administration.

This new organization, directly dependent on the executive branch, replaces the Planning Ministry, whose official, Jacques Vilgrain, was appointed minister without portfolio by the CNG. The new organization is headed by a general commissioner -- Garvey Laurent, an agronomist who did most of his training abroad, mainly in Africa -- and two assistant commissioners, Jacques Lorthe and Jeane Conde.

JAMAICA

SOUTH KOREAN MINISTER PAYS 3-DAY VISIT

FL122305 Kingston THE DAILY GLEANER in English 8 Aug 86 p 1

[Excerpt] South Korea's minister of communications and a special envoy to President Chon Tu-Hwan of the Republic of Korea, Mr Yi Cha-hon is in Jamaica on a three-day official visit. He arrived here on Wednesday night on his first visit to Jamaica and the Caribbean. The purpose of the visit is to hold top level discussions with leaders of the Jamaican Government on matters of mutual concern as well as the means of further strengthening the ties of friendship and cooperation existing between the Republic of Korea and Jamaica.

Mr Yi and his entourage had private talks with the Rt Hon Hugh Shearer, deputy prime minister and minister of foreign affairs and foreign trade at his ministry, New Kingston, yesterday morning. In the afternoon he and his party paid a courtesy call on the governor general of the Most Hon Sir Florizel Glasspole at King's house. Prior to holding private talks with Mr. Shearer, the Korean minister presented the deputy prime minister with a letter of introduction from the Korean president. [passage omitted]

GUYANA

HOYTE MAKES CHANGES IN TIES WITH U.S., USSR

PA100445 Paris AFP in Spanish 0206 GMT 10 Aug 86

[Text] Georgetown, 9 Aug (AFP) -- Guyana's relations with the United States and the USSR have seen a substantial change in the last few months as a result of the foreign policy of Desmond Hoyte, Forbes Burham's successor.

Among the first results are the importation of 28,000 tons of wheat flour from the United States at a cost of $3 million, a U.S. offer of $1.7 million to develop agricultural programs, and the establishment of a Soviet commercial office in this capital instead of just a commercial attache.

After signing the flour agreement, the U.S. Embassy emphasized the benefits "of President Hoyte's measures, which have produced a better balance in foreign policy and an end to anti-American rhetoric. The measures have also allowed the public sector to be more efficient, and they have allowed for an increase in public and private investments as well as for the development of relations with the United States and its neighbors in the Caribbean and Latin America." U.S. economic aid was suspended in September 1982 during Burnham's government.

Moreover, the Soviet Embassy in this capital said that with regard to the establishment of a commmercial office, the Guyanese Government could do the same in Moscow.

SURINAME

NETHERLANDER TO ASSIST IN HOSTAGE RELEASE

FL120227 Paramaribo International Service in English 1730 GMT 11 Aug 86

[Text] Prime Minister Pretaap Radhakishun last Saturday complained that the Brunswijk affair is taking the attention of the government away from serious issues which have to be dealt with. The prime minister was speaking at a press conference when he disclosed that (Andre Haghmad) was now a spokesman for Brunswijk in Holland. He is welcomed to Suriname to get the (?twelve) hostages out of the hands of Brunswijk. This invitation was repeated in Holland by Dutch journalist (Oblansk), who is a free contributor to Suriname. He said that the information comes from official sources.